

**JUNIOR INDENTURE OF TRUST**

**between**

**CHULA VISTA HOUSING AUTHORITY**  
**as Issuer**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**  
**as Trustee**

**Relating to**

**\$ \_\_\_\_\_**  
**CHULA VISTA HOUSING AUTHORITY**  
**JUNIOR MULTIFAMILY HOUSING REVENUE BONDS**  
**(VOLTA APARTMENT HOMES)**  
**JUNIOR SERIES 2016B-3**

**Dated as of March 1, 2016**

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## JUNIOR INDENTURE OF TRUST

THIS JUNIOR INDENTURE OF TRUST (this “Indenture”), made and entered into as of March 1, 2016, by and between the CHULA VISTA HOUSING AUTHORITY (the “Issuer”), a public body, corporate and politic, organized and existing under the laws of the State of California (the “State”), and U.S. Bank National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, qualified to accept and administer the trusts hereby created (together with any successor trustee hereunder and their respective successors and assigns, the “Trustee”);

### W I T N E S S E T H:

**WHEREAS**, the Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the “Act”), to issue one or more series of its revenue bonds and loan the proceeds thereof to finance, among other things, the acquisition, construction and development of multifamily rental housing for persons and families of low or moderate income; and

**WHEREAS**, pursuant to the Act and this Indenture, the Issuer proposes to finance the acquisition, construction and development of an 122-unit plus one manager unit multifamily rental housing development to be located within the City of Chula Vista, California to be known as Volta Apartment Homes (as more particularly described herein, the “Project”);

**WHEREAS**, in order to provide a portion of the funds necessary to finance the Project, pursuant to and in accordance with the Act, the Issuer has entered into a Funding Loan Agreement, by and among the Issuer, U.S. Bank National Association, as Fiscal Agent (the “Senior Fiscal Agent”) and Citibank, N.A. (the “Senior Funding Lender”), dated as of March 1, 2016 (the “Senior Funding Loan Agreement”) under which the Senior Funding Lender agrees to advance funds (the “Senior Funding Loan”) to or for the account of the Issuer, and, pursuant to a Borrower Loan Agreement, by and between the Issuer and G Street Seniors CIC, LP, a California limited partnership (the “Borrower”), dated as of March 1, 2016 (the “Senior Borrower Loan Agreement”), the Issuer agrees to apply the proceeds of the Senior Funding Loan to make a loan (the “Senior Borrower Loan,” and, together with the Senior Funding Loan, the “Senior Loans”) to the Borrower to finance the acquisition, construction and equipping of the Project;

**WHEREAS**, the Issuer has executed and delivered a Governmental Note in the amount of the Senior Funding Loan evidencing its obligation to repay the Senior Funding Loan pursuant to the terms of the Senior Funding Loan Agreement (the “Senior Governmental Lender Note”), and the Borrower has executed and delivered a Borrower Note in the amount of the Borrower Loan evidencing its obligation to repay the Senior Borrower Loan pursuant to the terms of the Senior Borrower Loan Agreement (the “Senior Borrower Note,” and, together with the Senior Governmental Lender Note, the Senior Loans, the Senior Funding Loan Agreement, the Senior Borrower Loan and the Senior Borrower Loan Agreement, the “Senior Obligations”); and

**WHEREAS**, pursuant to and in accordance with the Act, the Issuer has authorized and undertaken to issue revenue bonds to be designated Junior Multifamily Housing Revenue Bonds (Volta Apartment Homes) Junior Series 2016B-3, in the original aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”) pursuant to this Indenture in order to provide a portion of the funds necessary to finance the Project;

**WHEREAS**, the Issuer has duly entered into a Junior Loan Agreement of even date herewith (the “Junior Loan Agreement”) with the Borrower and the Trustee specifying the terms and conditions under which it will issue the Bonds and use the proceeds of the sale thereof to make a mortgage loan in the original aggregate principal amount of \$ \_\_\_\_\_ (the “Junior Loan”), to the Borrower for the financing of the Project, evidenced by a Junior Promissory Note (the “Junior Note”), endorsed by the Issuer to the Trustee pursuant to this Indenture;

**WHEREAS**, to secure the Borrower’s obligations under the Junior Note, the Borrower will execute and deliver to the Issuer a Junior Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of even date herewith (the “Junior Mortgage”) with respect to the Project, which Junior Mortgage will be assigned to the Trustee; and

**WHEREAS**, to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest thereon, the Issuer has authorized the execution and delivery of this Indenture; and

**WHEREAS**, the Issuer has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Issuer, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Issuer, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

**WHEREAS**, the Trustee has trust powers and the power and authority to enter into this Indenture, to accept trusts generally and to accept and execute the trust created by this Indenture; the Trustee has accepted the trust so created and, to evidence such acceptance, has joined in the execution of this Indenture.

**NOW, THEREFORE**, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, to secure the payment of the principal of, and interest on the Bonds according to their tenor and effect, and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, pledge and assign a security interest, unto the Trustee, and its successors in trust and its and their assigns in and to the following (said property being herein referred to as the “Trust Estate”), to wit:

**GRANTING CLAUSE FIRST**

All right, title and interest of the Issuer in and to all Revenues.

**GRANTING CLAUSE SECOND**

All right, title and interest of the Issuer in and to the Junior Loan Agreement, the Junior Note and the Junior Mortgage (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty

insurance benefits or condemnation awards subject to the interests of the holders of the Senior Obligations), whether payable under the above-referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other Person is or may become entitled to do under said documents.

### **GRANTING CLAUSE THIRD**

All funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD, all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the other Bonds, except as set forth in this Indenture;

PROVIDED, HOWEVER, that if the Issuer or its successors or assigns shall pay or cause to be paid to the Holders of the Bonds the principal, interest and, to become due thereon at the times and in the manner provided in Article IX hereof, and if the Issuer shall keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of the Issuer, cease, terminate and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.09, 4.11 and 4.12 hereof and Article IX hereof, reconvey to the Issuer the estate hereby conveyed, and assign and deliver to the Issuer any property at the time subject to the lien of this Indenture which may then be in its possession; otherwise this Indenture to be and remain in full force and effect and upon the trusts and subject to the covenants and conditions hereinafter set forth.

AND IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto, that the terms and provisions upon which the Bonds are to be issued, executed, authenticated, delivered and secured, and the trusts and conditions upon which the Trust Estate is to be held and disposed of, which said trusts and conditions the said Trustee hereby accepts and agrees to discharge, are as follows (except that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not be a general obligation of the Issuer nor a debt or pledge of the faith and credit of the Issuer or the State, but shall be payable solely from the revenues and funds pledged for its payment in accordance with this Indenture):

## ARTICLE I

### DEFINITIONS

**Section 1.1 Definitions.** Terms used herein and not otherwise defined shall have the meaning provided in the Indenture. The terms used in this Indenture (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified below:

“*Act*” means Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended and supplemented.

“*Authorized Amount*” shall mean \$\_\_\_\_\_, the principal amount of Bonds authorized to be issued under this Indenture.

“*Authorized Denomination*” means \$100,000 or any dollar amount in excess thereof.

“*Authorized Officer*” means (a) when used with respect to the Issuer, Chairperson, Vice Chairperson, or Executive Director or Treasurer of the Issuer and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf (b) when used with respect to the Borrower, any general partner of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, and (c) when used with respect to the Trustee, any authorized signatory of the Trustee, or any Person who is authorized in writing to take the action in question on behalf of the Trustee.

“*Bond Counsel*” means (i) on the Closing Date, the law firm or law firms delivering the approving opinion(s) with respect to the Bonds, or (ii) any other firm of attorneys selected by the Issuer that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer’s Municipal Marketplace.

“*Bond Fund*” means the Bond Fund established by the Trustee pursuant to Section 4.01 hereof.

“*Bond Payment Date*” means (i) prior to the Junior Bonds Conversion Date, the first Thursday of each month, commencing April 7, 2016, (ii) on and after the Junior Bonds Conversion Date, June 1 and December 1, (iii) any date on which the Bonds are subject to mandatory redemption pursuant to the provisions hereof, and (iv) the Maturity Date.

“*Bond Purchase Agreement*” shall mean the Junior Bond Purchase Agreement by and among the Issuer, the Bondholder Representative and the Borrower executed in connection with the Bonds.

“*Bond Rate*” means (i) 9.00% per annum from the Closing Date to but excluding the Junior Bonds Conversion Date; and (ii) 8.00% per annum from the Junior Bonds Conversion Date to the Maturity Date (collectively, the “Base Rate”); provided that, following an Event of Default hereunder the Bond Rate shall equal the Default Rate.

“*Bond Register*” means the books or other records maintained by the Bond Registrar setting forth the registered Holders from time to time of the Bonds.



“*Bond Registrar*” means the Trustee acting as such, and any other bond registrar appointed pursuant to this Indenture.

“*Bond Resolution*” means the resolution adopted by the Issuer authorizing the issuance of the Bonds.

“*Bondholder*” or “*Holder*” or “*Owner*” means any Person who shall be the registered owner of any Outstanding Bond or Bonds.

“*Bondholder Representative*” means any Person appointed to such position by written instrument signed by 100% of the Holders of the Outstanding Bonds. If at any time there is no appointed Bondholder Representative, the Servicer shall be deemed to be the Bondholder Representative. If there is no appointed Bondholder Representative and no Servicer, the Holder of a majority or plurality of the Outstanding Bonds shall be deemed to be the Bondholder Representative. The initial Bondholder Representative is \_\_\_\_\_, a \_\_\_\_\_.

“*Bonds*” means the Chula Vista Housing Authority Junior Multifamily Housing Revenue Bonds (Volta Apartment Homes) Junior Series 2016B-3 issued pursuant to the provisions of this Indenture.

“*Borrower*” means G Street Seniors CIC, LP, a California limited partnership, or any of its permitted successors or assigns, as owner of the Project.

“*Business Day*” means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York is authorized or obligated by law or executive order to remain closed, (d) a day on which the Principal Office of the Bondholder Representative is closed, or (e) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Trustee or the Bondholder Representative is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

“*Capitalized Interest Account*” shall mean the Capitalized Interest Account of the Junior Loan Fund created pursuant to Section 2.10 herein.

“*Cash Flow*” has the meaning set forth in the Partnership Agreement.

“*Certificate of the Issuer*” and “*Request of the Issuer*” mean, respectively, a written certificate or request signed in the name of the Issuer by an Authorized Officer of the Issuer or such other Person as may be designated and authorized to sign for the Issuer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“*Closing Date*” means March \_\_\_\_, 2016, the date of issuance of the Bonds.

“*Code*” means the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

“*Compliance Period*” has the meaning set forth in the Partnership Agreement.

“*City*” means the City of Chula Vista, California.

“*Default Rate*” shall mean a rate per annum equal to the lesser of (i) the maximum interest rate that may be paid on the Bonds under State law, currently twelve percent per annum (12%), or (ii) the Base Rate plus five (5) percentage points, and shall compound monthly.

“*Deferred Development Fee*” means any part of the Development Fee (as defined in the Partnership Agreement) together with any interest thereon not paid by the Completion Date (as defined in the Partnership Agreement) and payable out of Cash Flow in accordance with the terms of the Partnership Agreement.

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

“*Electronic Notice*” means delivery of notice in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 11.05 hereof; provided, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 11.05 hereof.

“*Enforcement Action*” shall have the meaning given to that term in the Subordination Agreement.

“*Equity Partner*” shall mean Raymond James California Housing Opportunities Fund V L.L.C., a Florida limited liability company.

“*Event of Default*” or “*event of default*” means any of those events specified in and defined by the applicable provisions of Article VI hereof to constitute an event of default.

“*Extraordinary Services*” means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Trustee in respect of or to prevent default under this Indenture or the Junior Loan Documents, including any reasonable attorneys’ or agents’ fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Junior Loan Agreement, and other actions taken and carried out by the Trustee which are not expressly set forth in this Indenture or the Junior Loan Documents.

“*Government Obligations*” means investments meeting the requirements of clauses (a) or (b) of the definition of “Qualified Investments” herein.

“*Indenture*” means this Junior Indenture of Trust, as the same may be amended, modified or supplemented from time to time.

“*Issuer*” means the Chula Vista Housing Authority, a public instrumentality and political subdivision of the State of California, and its successors and assigns.

“*Junior Agreement of Environmental Indemnification*” shall mean the Junior Agreement of Environmental Indemnification, dated as of the date thereof, executed by the Borrower and the Guarantor for the benefit of the Issuer, the Trustee, the Bondholder Representative, and any lawful holder, owner or pledgee of the Junior Note from time to time.

“*Junior Bonds Conversion Date*” shall mean March 1, 2018.

“*Junior Completion Guaranty*” shall mean the Junior Completion Guaranty, dated as of the date of this Indenture, by Emmerson Construction, Inc.

“*Junior Completion and Repayment Guaranty*” shall mean the Junior Completion and Repayment Guaranty, dated as of the date of this Indenture, by Chelsea Investment Corporation.

“*Junior Exceptions to Non-Recourse Guaranty*” shall mean the Junior Exceptions to Non-Recourse Guaranty, dated as of the date of this Indenture, by Chelsea Investment Corporation.

“*Junior Loan*” means the loan made by the Issuer to the Borrower in the original principal amount of \$\_\_\_\_\_ pursuant to the Junior Loan Agreement.

“*Junior Loan Agreement*” means the Junior Loan Agreement dated as of the date hereof among the Borrower, the Issuer and the Trustee, as such Junior Loan Agreement may from time to time be amended or supplemented.

“*Junior Loan Documents*” means, collectively, this Indenture, the Junior Loan Agreement, the Junior Note, the Junior Mortgage, the Bond Purchase Agreement, the Junior Exceptions to Non-Recourse Guaranty, the Junior Agreement of Environmental Indemnification, the Junior Completion Guaranty, the Junior Completion and Repayment Guaranty, and all other documents securing the Junior Loan.

“*Junior Loan Fund*” means the Junior Loan Fund created pursuant to Section 2.10 herein.

“*Junior Mortgage*” means the Junior Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof, together with all riders and addenda thereto, granting a first priority mortgage and security interest in the Project to the Issuer to secure the repayment of the Junior Loan which Junior Mortgage has been assigned by the Issuer to the Trustee as the same may be amended, supplemented or restated.

“*Junior Note*” means the Junior Promissory Note dated the Closing Date from the Borrower, including all riders and addenda thereto, evidencing the Borrower’s obligation to repay the Junior Loan, as the same may be amended, supplemented or restated from time to time, which Junior Promissory Note will be delivered to the Issuer and endorsed by the Issuer to the Trustee.

“*Maturity Date*” March 1, 2061.

“*Net Proceeds*”, when used with respect to any insurance proceeds or condemnation award with respect to the Project, shall mean the amount remaining (i) after deducting from the gross proceeds thereof all expenses (including attorneys’ fees) incurred in the collection of such proceeds or award and (ii) after applying such amounts as set forth in the Senior Loan Documents.

“*Outstanding*” when used with respect to the Bonds or “Bonds Outstanding” means, as of any date, all Bonds that have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds surrendered and replaced upon exchange or transfer, or cancelled because of payment or redemption, at or prior to such date;

(b) Bonds for the payment, redemption or purchase for cancellation of which sufficient money has been deposited prior to such date with the Trustee (whether upon or prior to the maturity, amortization or redemption date of any such Bonds), or which are deemed to have been paid and discharged pursuant to the provisions of Section 9.01 hereof; provided that if such Bonds are to be redeemed prior to the maturity thereof, other than by scheduled amortization, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated (or payment, when due, of which is made without replacement) under Section 2.06 hereof.

“*Partnership Agreement*” means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of March \_\_\_, 2016.

“*Person*” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

“*Principal Office of the Trustee*” means the office of the Trustee referenced in Section 11.05(a) hereof, or such other office or offices as the Trustee may designate in writing from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

“*Project*” means, collectively, the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements known as “Volta Apartment Homes” located in Chula Vista, California, including the real estate described in the Junior Mortgage.

“*Qualified Investments*” means any of the following if and to the extent permitted by law:

(a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia

which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Trustee or such other institution has been rated at least “VMIG-1”/”A-2+” by Moody’s/S&P or which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency; (f) investment agreements with Freddie Mac or a bank or any insurance company or other financial institution which has a rating assigned by Moody’s/S&P to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by Moody’s/S&P, and which are approved by the Bondholder Representative; or (g) any other investments approved in writing by the Bondholder Representative. For purposes of this definition, the “highest rating” shall mean a rating of at least “VMIG-1”/”A-1+” for obligations with less than one year maturity; at least “Aaa”/”VMIG-1”/”AAA”/”A-1+” for obligations with a maturity of one year or greater but less than three years; and at least “Aaa”/”AAA” for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

“*Record Date*” means the 15th day of the month preceding the month in which any Bond Payment Date falls.

“*Regulatory Agreement*” means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of March 1, 2016 by and between the Issuer and the Borrower with respect to the Project.

“*Responsible Officer*” means any officer of the Trustee employed within or otherwise having regular responsibility in connection with the corporate trust department of the Trustee and the trusts created hereunder.

“*Revenue Fund*” means the Revenue Fund established by the Trustee pursuant to Section 4.01 hereof.

“*Revenues*” means (a) following the Junior Bonds Conversion Date 50% of available Cash Flow, until any Deferred Development Fee relating to the Project is paid off, and thereafter, 75% of available Cash Flow, in each case with respect to the Junior Loan pursuant to the Junior Loan Agreement, the Junior Note or the Junior Mortgage, including any proceeds from a sale or exchange of any assets of the Borrower, any financing or refinancing of the Project, or any other transaction proceeds, all casualty or other insurance benefits and condemnation awards paid in connection therewith (subject in all events to the interests of the holders of any of Senior Obligations in connection with the Senior Obligations), and (b) all money and securities held by the Trustee in the funds and accounts established pursuant to this Indenture, together with all investment earnings thereon (collectively, “Annual Revenues”). Notwithstanding the foregoing, “Revenues” for (a) the December 1 payments to be made in accordance with this Indenture, shall mean an estimated amount equal to 50% of Annual Revenues for such fiscal year, and (b) the June 1 payments to be made in accordance with this Indenture, shall mean an amount equal to Annual Revenues for the prior fiscal year minus the amount of the December 1 payment paid for such prior fiscal year.

“*Senior Borrower Loan*” means the Borrower Loan as defined in the Senior Borrower Loan Agreement.

*“Senior Borrower Loan Agreement”* means the Borrower Loan Agreement, by and between the Issuer and the Borrower, dated as of March 1, 2016, pursuant to which the Senior Borrower Loan is made.

*“Senior Borrower Note”* means the promissory note executed and delivered by the Borrower in connection with the Senior Borrower Loan.

*“Senior Fiscal Agent”* means U.S. Bank National Association, as fiscal agent under the Senior Funding Loan Agreement and Senior Borrower Loan Agreement

*“Senior Funding Lender”* means Citibank, N.A., as Funding Lender under the Senior Funding Loan Agreement.

*“Senior Funding Loan”* means the Funding Loan as defined in the Senior Funding Loan Agreement.

*“Senior Funding Loan Agreement”* means the Funding Loan Agreement, by and among the Senior Funding Lender, the Senior Fiscal Agent and the Issuer, dated as of as of March 1, 2016, pursuant to which the Senior Funding Loan is made.

*“Senior Governmental Lender Note”* means the promissory note executed and delivered by the Issuer in connection with the Senior Funding Loan.

*“Senior Loan Documents”* means the Funding Loan Documents as defined in the Funding Loan Agreement.

*“Senior Loans”* means the Senior Funding Loan as evidenced by the Senior Governmental Lender Note and the Senior Borrower Loan as evidenced by the Senior Borrower Note.

*“Senior Loans and Property Items”* means and includes, with respect to the Senior Loans and the Project securing the Senior Loans, for any period, each of the following: (a) all debt service, including interest expense and the amortization of all principal coming due in respect of the Senior Loans and the Senior Obligations during such period (whether by maturity, mandatory sinking fund payment, redemption, acceleration or otherwise); (b) all operating, overhead, ownership and other expenditures (whether ordinary, capital or extraordinary expenditures (other than those paid from the excluded sources of gross revenues in the definition of Cash Flow, from the proceeds of insurance or out of escrows or reserves to the extent not required to be replenished)), including, but not limited to, all direct and indirect costs, charges and expenses of owning, operating, maintaining and repairing the Project, further including, without limitation, insurance, taxes (including property taxes), assessments and other public charges and all expenditures (capital or otherwise) required for the proper maintenance of the Project in accordance with the Senior Loan Documents (excluding (A) fees or other payments made to the Borrower or any of its affiliates in excess of market rates, and (B) fees, compensation or charges paid to any General Partner of the Borrower or any of its affiliates (other than a management fee not to exceed 5% of gross rent and any Deferred Development Fee owed to the developer, any incentive management fee to the manager and fees and amounts payable to the Investor Limited Partner pursuant to the Partnership Agreement)); (c) all other senior claims, including all fees, costs and expenses payable pursuant to the Senior Loan Documents and the Senior Obligations; (d) all other obligations under the Senior Loan Documents and the Senior Obligations, including, but not limited to, the payment of all fees, costs and expenses and other expenditures

(whether for capital expenditures, repairs or replacements (other than those paid from the excluded sources of gross revenues in the definition of Cash Flow, from the proceeds of insurance or out of escrows or reserves to the extent not required to be replenished)), and the funding of any reserves or escrows required under the Senior Loan Documents (including, but not limited to, replacement reserves, capital reserves, reserves for taxes, insurance, water and sewer charges and other similar impositions), operating reserves and interest rate hedge reserves; (e) all obligations of the Borrower under the Senior Loan Documents in respect of the Senior Loans and the Senior Obligations; and (f) all other amounts that the Borrower is required to pay or set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

“*Senior Notes*” means, collectively, the Senior Governmental Lender Note and the Senior Borrower Note.

“*Senior Obligations*” means and includes, collectively, and without limitation, each of the following: (a) all debt service payments (including, but not limited to, interest and principal, whether at maturity or by mandatory sinking fund payments, redemption, acceleration or otherwise) on the Senior Notes and the Senior Loans, (b) all obligations of the Borrower and the Issuer under the Senior Loan Documents, (c) all obligations in respect of all Senior Loans and Property Items and (d) all fees, costs, expenses of the Senior Fiscal Agent under the Senior Loan Documents and of the Servicer under the Senior Loan Documents;

“*Senior Mortgage*” has the meaning given the term Security Instrument in the Senior Funding Loan Agreement.

“*Senior Security*” has the meaning given the term Security in the Senior Funding Loan Agreement.

“*Servicer*” means the Servicer under and as defined in the Senior Funding Loan Agreement.

“*Sophisticated Investor*” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”); (2) an “accredited investor” as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (3) an entity that is directly or indirectly wholly owned or controlled by or under common control with the holder of the Bonds; (4) an entity all of the investors in which are described in (1), (2) or (3) above; or (5) a custodian or trustee for a party described in (1), (2) or (3) above.

“*Subordination Agreement*” means the Subordination and Intercreditor Agreement, dated as of March 1, 2016, by and between the Trustee and the Senior Funding Lender.

“*State*” means the State of California.

“*Tax Certificate*” shall have the meaning given that term in the Funding Loan Agreement..

“*Trustee*” means U.S. Bank National Association and its successors in trust hereunder.

“*Trust Estate*” shall have the meaning given to that term in the Granting Clauses.

“*Unassigned Rights*” means all of the rights of the Issuer and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to

amendments, changes, modifications and alterations, to receive notices and the right to enforce such rights.

**Section 1.2 Interpretation.** The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections and other subdivisions of this Indenture as originally executed. The headings of this Indenture are for convenience only and shall not define or limit the provisions hereof.

## ARTICLE II

### THE BONDS

#### Section 2.1 *The Bonds.*

(a) The Bonds are hereby authorized to be issued hereunder as revenue bonds of the Issuer in accordance with the Bond Resolution. The Bonds are hereby authorized to be designated “Chula Vista Housing Authority Junior Multifamily Housing Revenue Bonds (Volta Apartment Homes) Junior Series 2016B-3” in the original aggregate principal amount of \$\_\_\_\_\_. The Bonds shall be fully registered as to principal and interest, without coupons, and shall be numbered by series, if any, in the manner and with any additional designation as the Trustee, as Bond Registrar, deems necessary for the purpose of identification. All of the Bonds are equally and ratably secured. Bonds issued on the Closing Date shall be dated such date; Bonds issued after the Closing Date shall be dated the date they are authenticated by the Trustee. The Bonds shall be due and payable in full on the Maturity Date.

(b) The Bonds shall be issued in Authorized Denominations and shall bear interest at the Bond Rate. Payment of the principal of and interest on the Bonds shall be payable on each Bond Payment Date, solely from Revenues received by the Trustee pursuant to the provisions of the Junior Note and the Junior Loan Agreement; provided, however, such payments shall be first applied to the payment of the interest on the Bonds due payable on such Bond Payment Date. Unpaid principal of and interest on the Bonds, and other overdue amounts under this Indenture, shall accrue interest at the Bond Rate.

(1) From the Closing Date until the Junior Bonds Conversion Date, Interest on the Bonds shall be computed on the basis of a 360-day year of twelve months. Interest on the Bonds shall be payable on each Bond Payment Date, in each case from the Bond Payment Date next preceding the date of authentication thereof to which interest has been paid or duly provided for, unless the date of authentication is an Bond Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of the Bond, or unless no interest has been paid or duly provided for on the Bonds, in which case from the Closing Date, until payment of the principal of the Bond has been made or duly provided for. Notwithstanding the foregoing, if a Bond is authenticated after a Record Date and before the following Bond Payment Date, such Bond shall bear interest from such Bond Payment Date; provided, however, that if there shall be a default



in the payment of interest due on such Bond Payment Date, then the Bonds shall bear interest from the next preceding Bond Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on the Bonds, from the Closing Date.

(2) Commencing with the Junior Bonds Conversion Date, unpaid principal of and interest on the Bonds, and other overdue amounts under this Indenture, shall accrue interest at the Bond Rate and interest shall be computed on the basis of actual days elapsed in a 365- (or 366-) day year, as applicable, compounding semi-annually on June 1 and December 1 of each year after Junior Bonds Conversion Date until the Maturity Date or the date of redemption prior thereto.

(c) The Person in whose name any Bond is registered on the Record Date with respect to an Bond Payment Date shall be entitled to receive the interest payable on such Bond Payment Date (unless such Bond has been called for redemption on a redemption date which is prior to such Bond Payment Date) notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Bond Payment Date.

(d) No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder, or in substitution for other Bonds pursuant to Section 2.06 hereof, is expressly limited to \$\_\_\_\_\_.

**Section 2.2 Limited Obligations.** The Bonds are limited obligations of the Issuer, payable solely from the Revenues and other funds and money pledged and assigned hereunder. Neither the Issuer, the State of California (the “State”), nor any political subdivision thereof (except the Issuer, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth herein, and none of the Bonds or any of the Issuer’s agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Issuer has no taxing power.

No recourse shall be had for the payment of the principal of, or interest on any Bond or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained, against, the Issuer, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty or otherwise, and all such liability of the Issuer, any member of its governing body and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Bonds, expressly waived and released as a condition of, and in consideration for, the execution of this Indenture and the issuance of the Bonds.

It is recognized that notwithstanding any other provision of this Indenture, neither the Borrower, the Trustee nor any Bondholder shall look to the Issuer for damages suffered by the Borrower, the Trustee or such Bondholder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Indenture, the Junior Loan Agreement, the Bonds or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason. Although this Indenture

recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person; provided, however, that as a condition precedent to the Issuer proceeding pursuant to this Section 2.02, the Issuer shall have received satisfactory indemnification.

**Section 2.3 *Indenture Constitutes Contract.*** In consideration of the purchase and acceptance of the Bonds issued hereunder by those who shall hold them from time to time, the provisions of this Indenture shall be part of the contract of the Issuer with the Holders of the Bonds and shall be deemed to be a contract between the Issuer and the Holders of the Bonds from time to time.

**Section 2.4 *Form and Execution.*** The Bonds shall be in substantially the form attached as Exhibit A, with necessary and appropriate variations, omissions and insertions as are customary, permitted or required by this Indenture. The Bonds shall be executed on behalf of the manual or facsimile signature of the Authorized Officer of the Issuer, and attested by the manual or facsimile signature of the Secretary or a Deputy Secretary of the Issuer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Bonds.

In case any officer of the Issuer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery, and also any Bond may bear the facsimile signatures of, or may be signed by, such Persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such Persons may not have been such officers.

**Section 2.5 *Authentication.*** No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless a certificate of authentication on such Bond, substantially in the form set forth in Exhibit A, shall have been duly executed by an Authorized Officer of the Trustee; and such executed certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been duly executed, registered, authenticated and delivered under this Indenture. It shall not be necessary that the same Person sign the certificate of authentication on all of the Bonds.

**Section 2.6 *Mutilated, Lost, Stolen or Destroyed Bonds.*** In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Trustee shall authenticate a new Bond of like denomination, interest rate, series, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Bond or in lieu of and in substitution for such lost, stolen or destroyed Bond, upon payment by the Owner thereof of any applicable tax or governmental charge and the reasonable expenses and charges of the Issuer and the Trustee in connection therewith, and in the case of a Bond lost, stolen or destroyed, the filing with the Trustee of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and furnishing the Issuer and the Trustee with indemnity satisfactory to each of them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond or Bonds the Issuer may pay the same without surrender thereof.

**Section 2.7 *Transfer and Exchange of Bonds; Persons Treated as Owners; Restrictions on Transfer.*** The Trustee as Bond Registrar shall cause a Bond Register to be kept for the registration of transfers of Bonds. Any Bond may be transferred only upon an assignment duly executed by the registered Owner or such registered Owner's duly authorized representative in such form as shall be satisfactory to the Bond Registrar and upon surrender of such Bond to the Trustee for cancellation. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver to the transferee a replacement fully registered Bond or Bonds, of Authorized Denomination or Denominations and for the amount of such Bond or Bonds so surrendered.

Any Bond may, in accordance with its terms, be exchanged, at the office of the Trustee, for a new fully registered Bond or Bonds, of the same maturity, of any Authorized Denomination or Denominations and for the aggregate amount of such Bond then Outstanding.

In all cases in which Bonds shall be transferred or exchanged hereunder, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Borrower.

The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and interest on any such Bond shall be made only to or upon the order of the registered Owner thereof, or such registered Owner's legal representative, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums to be paid.

Neither the Issuer nor the Trustee shall be required to make any such exchange, registration or transfer of Bonds during the period of fifteen (15) days immediately preceding an Bond Payment Date or, in the case of any proposed redemption of Bonds, during the period of fifteen (15) days immediately preceding the selection of Bonds for such redemption and after the giving of notice of redemption, the Trustee is not required to transfer or exchange any Bond or portion thereof which has been called for redemption.

***Restrictions on Transfer.*** The following shall apply to all sales and transfers of the Bonds after the applicable initial sale and delivery of the Bonds:

(a) The Bonds, in the form attached hereto as Exhibit A, shall be physical certificated instruments, and shall not be held in a book-entry only system unless approved in advance by the Issuer;

(b) The Bonds shall be sold in Authorized Denominations;

(c) The Bonds shall only be sold and subsequently transferred to Sophisticated Investors, with such Sophisticated Investors executing and delivering an Investor Letter in the form attached as Exhibit B hereto; and

(d) The Trustee shall not authenticate or register a Bond unless it has received a certificate from the Issuer stating that the conditions of this Section 2.07 have been satisfied and there shall have been delivered to the Trustee an Investor Letter executed by the transferee of the Bonds;

**Section 2.8 Temporary Bonds.** Until definitive Bonds are ready for delivery, there may be executed, and upon the request of the Issuer the Trustee shall authenticate and deliver, in lieu of definitive Bonds temporary printed, typewritten, engraved or lithographed Bonds, in such denomination or denominations as shall be determined by the Issuer, in fully registered form, in substantially the form hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

If temporary Bonds shall be issued, the Issuer shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it, at the Principal Office of the Trustee, of any temporary Bond shall cancel the same and authenticate and deliver in exchange therefor, without charge to the Owner thereof, a definitive Bond or Bonds, as the case may be, of an equal aggregate principal amount, of the same maturities and bearing interest at the same rates as the temporary Bond surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefit and security of this Indenture as the definitive Bonds to be issued and authenticated hereunder. Interest on temporary Bonds, when due and payable, if the definitive Bonds shall not be ready for exchange, shall be paid on presentation of such temporary Bonds and notation of such payment shall be endorsed thereon by the Trustee.

**Section 2.9 Delivery of Bonds.** Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to or upon the order of the Issuer upon receipt by the Trustee of the following:

(a) executed counterparts of this Indenture, the Junior Loan Agreement, the Regulatory Agreement, and the Tax Certificate;

(b) an opinion of Bond Counsel to the effect that the Bonds are valid and binding special obligations of the Issuer;

(c) proceeds of the Bonds, together with accrued interest thereon, if any;

(d) the Junior Note;

(e) a copy of the Junior Mortgage;

(f) an opinion of counsel to the Borrower to the effect that the Borrower is duly organized and validly existing and in good standing under the laws of the state in which it has been organized and in good standing under the laws of each other state in which the Borrower transacts business and has full power and authority to enter into the agreements described herein to which it is a party, that its execution and delivery of and performance of its covenants in such agreements do not contravene law or any provision of any other agreement to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by the Borrower, and are legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their respective terms;

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

(h) a certified copy of the Bond Resolution;

(i) evidence satisfactory to the Trustee that the Senior Notes have been issued and delivered to the initial purchasers thereof; and

(j) the written request and authorization to the Trustee by the Issuer to authenticate and deliver the Bonds in accordance with the provisions of this Indenture;

**Section 2.10 *Establishment of Junior Loan Fund and Capitalized Interest Account; Application of Bond Proceeds and Other Money; Assignment of Junior Loan to Trustee.***

(a) The Trustee shall establish, maintain and hold in trust and there is hereby established with the Trustee a Junior Loan Fund, and within the Junior Loan Fund, the Trustee shall create the Capitalized Interest Account.

No amount shall be charged against the Junior Loan Fund except as expressly provided in this Section 2.10 and Section 4.02.

(b) On the Closing Date, (i) \$\_\_\_\_\_ of the principal amount of the proceeds of the Bonds shall be deposited in the Junior Loan Fund, and (ii) \$0 of the principal amount of the proceeds of the Bonds shall be deposited in the Capitalized Interest Account. Amounts in the Junior Loan Fund shall be disbursed as provided in subparagraph (d) below, subject to the conditions set forth in Section 3.1 of the Junior Loan Agreement. Amounts in the Capitalized Interest Account shall be disbursed as provided in Section 4.02(b). Upon the disbursement of all amounts in the Junior Loan Fund and the Capitalized Interest Account, the Trustee shall close the Junior Loan Fund and the Capitalized Interest Account.

(c) The Issuer shall cause the Borrower to deliver to the Trustee, on or prior to the Closing Date, the amount of \$0 for deposit to the credit of the Cost of Issuance Fund established pursuant to Section 4.01.

(d) Upon the deposit of money to the credit of the Junior Loan Fund, the Issuer shall originate the Junior Loan pursuant to the Junior Loan Agreement and the Trustee shall make disbursements of amounts in the Junior Loan Fund to the Borrower or otherwise as provided in Section 4.02.

**Section 2.11 *Subordination.*** This Indenture and the Junior Loan Agreement are and at all times shall be subject and subordinate in all respects to the terms, provisions, conditions, covenants, liens and security interests of the Senior Loan Documents. Correspondingly, payment of the indebtedness evidenced by the Bonds is and shall be subject and subordinate in all respects to the prior payment in full of all amounts due and payable in respect of the Senior Loans and the Senior Loan Documents. Accordingly, the Bondholders expressly subject and subordinate all of their right, title and interest in and to the Bonds in all respects to (i) the payment in full of the Senior Loans (iii) the lien of the Senior Security under the Senior Loan Documents and of the Senior Mortgage and (iv) the payment in full of all amounts owed to the Servicer under the Senior Loan Documents. In

addition, notwithstanding anything contained in this Indenture, the Junior Loan Agreement, the Junior Note or the Junior Mortgage to the contrary, the Issuer and the Trustee agree, and the Bondholders by their acceptance of the Loan agree, that:

(a) the sole source of funds available to the Issuer for the purpose of paying the principal of, and interest on, the Bonds, including scheduled sinking fund payments, if any, shall be the Revenues;

(b) the Junior Note is payable solely from, and only to the extent of, the Revenues as defined and provided for in this Indenture;

(c) payments of the principal of, and interest on, the Junior Note shall be made only after all current and past due Senior Obligations have been paid in full;

(d) the security for the Junior Loan and the Junior Note shall be the Junior Mortgage, which shall be wholly subordinate to the Senior Security encumbering the same Project;

(e) the obligation of the Borrower to repay the Junior Loan is and shall be subject and subordinate in all respects to the obligations of the Borrower to pay all amounts due in respect of the Senior Loans, whether under the Senior Loan Documents or otherwise;

(f) so long as any amounts are currently due and owing in respect of the Senior Loans, whether under the Senior Loan Documents or otherwise, the Trustee shall not be entitled to (1) make any payment in respect of the Bonds or (2) foreclose on the Junior Mortgage notwithstanding (a) any arrearages in the payments of any amounts due and owing under or with respect to the Bonds or (b) any default in respect of the Bonds, the Junior Note, the Junior Mortgage or the Junior Loan except as consented to in writing by the Servicer; or (3) take any other action except as permitted under the Subordination Agreement; and

(g) unpaid principal and interest on the Bonds resulting from insufficient Revenues may accrue and may be payable after such accrual, provided that such principal and interest shall be payable solely from, and only to the extent of, Revenues, provided further that payment of such principal and interest is and shall remain subject and subordinate to the Senior Loans.

Failure to make any payment in respect of the Bonds or otherwise under this Indenture shall not constitute an Event of Default under (and as defined in) this Indenture. The Trustee shall not, after the Trustee receives a notice of default or otherwise acquires knowledge of a default or an Event of Default by the Borrower with respect to the Senior Loans or under any Senior Loan Document, make any payments in respect of the Bonds unless and until such default or Event of Default or potential default has been cured or waived by the Bondholder Representative.

The parties to this Indenture acknowledge that the terms of this Indenture are in all respects subject to the Senior Loan Documents.

## ARTICLE III

### REDEMPTION OF BONDS PRIOR TO MATURITY

**Section 3.1** *Redemption of Bonds Prior to Maturity.* The Bonds are subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

(a) The Bonds shall be subject to mandatory redemption in whole or in part, after satisfaction of all requirements of the Senior Loan Documents, on the next Bond Payment Date for which notice of redemption can timely be given, at a redemption price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption upon prepayment of the Junior Loan in whole or in part following a casualty to or condemnation of the Project; such mandatory redemption shall be in an amount as nearly equal as possible to, but not exceeding, the amount of any Net Proceeds of insurance or condemnation awards not used to repair or replace the Project.

(b) The Bonds shall be subject to mandatory redemption in whole on the next date for which notice of redemption can timely be given at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption upon acceleration of the Junior Loan in whole following an Event of Default under Article VII of the Junior Loan Agreement.

(c) Except as otherwise provided in this Article III, including but not limited to Section 3.01(g) hereof, the Bonds are subject to optional or mandatory redemption in whole or in part on any Business Day for which notice of redemption can timely be given, in the event and to the extent that the Junior Loan is prepaid pursuant to the Junior Note as set forth in Section 4.4 of the Junior Loan Agreement, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

(d) On and after the Junior Bonds Conversion Date, the Bonds shall be subject to mandatory redemption in whole or in part, on June 1 and December 1 of each year until the Maturity Date or the redemption of the Bonds, from Revenues deposited in the Bond Fund, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

(e) The Bonds are subject to mandatory redemption upon a Determination of Taxability in whole on any Business Day for which notice of redemption can timely be given at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption.

(f) The Bonds are subject to mandatory redemption in whole or in part on any Business Day for which notice of redemption can timely be given, in the event and to the extent the Bondholder Representative notifies the Trustee in writing that, subject to and in accordance with the terms and conditions of the Partnership Agreement, there are net proceeds available from (i) a sale or exchange of any assets of the Borrower, (ii) any financing or refinancing of the Project, (iii) the liquidation of the Borrower, or (iv) any other transaction where the proceeds are deemed attributable to capital under generally accepted accounting principles.

(g) The Bonds are subject to mandatory redemption upon in whole on any Business Day for which notice of redemption can timely be given at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption if the Base Rate is greater than the maximum interest rate that may be paid on the Bonds under State law.

(h) The Bonds shall be subject to optional redemption in whole or in part on any Business Day for which notice of redemption can timely be given, at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, subject to the consent of the Servicer, so long as the Senior Loans are outstanding.

(i) The Borrower shall have the option to cause the Bonds to be purchased by the Borrower or its designee in lieu of redemption pursuant to this Section 3.01. Such option may be exercised by delivery to the Trustee on or prior to the Business Day preceding the applicable date of redemption of a written notice of the Borrower, specifying that the Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section. Upon delivery of such notice, the Bonds shall not be redeemed but shall instead be subject to mandatory tender at the applicable purchase price on the date that would have been the date of redemption.

**Section 3.2** *Selection of Bonds for Redemption.* Bonds shall be redeemed pursuant to this Article III only in Authorized Denominations.

**Section 3.3** *Notice of Redemption.* Notice of the intended redemption of each Bond shall be given by the Trustee by first class mail, postage prepaid, or by facsimile transmission, to the registered Owner at the address of such Owner shown on the Bond Register. All such redemption notices shall be given not less than ten (10) days prior to the date fixed for redemption. The Trustee may provide a conditional notice of redemption.

Notices of redemption shall state the redemption date and the redemption price, the place or places where amounts due upon such redemption will be payable, and, if less than all of the then Outstanding Bonds are called for redemption, shall state (i) the numbers of the Bonds to be redeemed by giving the individual certificate number of each Bond to be redeemed or shall state that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption only if bonds cease to be book entry-bonds; (ii) the Maturity Date of each Bond being redeemed; (iii) the conditions, if any, which must be satisfied in order for the redemption to take place on the scheduled date of redemption, and (iv) any other descriptive information needed to identify accurately the Bonds being redeemed.

Failure to give notice by mailing to the registered Owner of any Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond if notice of such redemption shall have been mailed as herein provided.

**Section 3.4** *Effect of Notice of Redemption.* If a conditional notice of redemption has been provided pursuant to the terms of this Indenture and the conditions are not satisfied, such notice of redemption shall be of no force and effect and the Bondholders shall be restored to their former positions as though no such notice of redemption had been delivered. Notice of redemption having been given in the manner provided in this Article III and if either there were no conditions to such redemption or the conditions have been satisfied (or in the event no such notice is required under



Section 3.03), and money for the redemption being held by the Trustee for that purpose, thereupon the Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Bonds shall thereafter no longer be entitled to any security or benefit under this Indenture except to receive payment of the redemption price thereof.

## ARTICLE IV

### REVENUES AND FUNDS

**Section 4.1** *Pledge of Revenues and Assets; Establishment of Funds.* The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses hereof shall attach, be perfected and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any Person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

In addition to the Junior Loan Fund and the Capitalized Interest Account established therein pursuant to Section 2.10 hereof, the Trustee shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

- (a) Revenue Fund;
- (b) Bond Fund; and
- (c) Cost of Issuance Fund

The funds and accounts established pursuant to this Section 4.01 shall be maintained in the corporate trust department of the Trustee as segregated trust accounts, separate and identifiable from all other funds held by the Trustee. The funds and accounts established hereunder shall bear a designation clearly indicating that the funds deposited therein are held for the benefit of (i) the Holders of the Bonds, respecting the Revenue Fund and the Bond Fund, and (ii) the Borrower, respecting the Cost of Issuance Fund. The Trustee shall, at the written direction of an Authorized Officer of the Issuer, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

**Section 4.2** *Junior Loan Fund and Capitalized Interest Account.*

(a) The Trustee shall deposit the proceeds of the Bonds as provided in Section 2.10 and disburse amounts deposited in the Junior Loan Fund immediately upon receipt to

the Borrower in funding of the Junior Loan. No amounts shall be invested or retained in the Junior Loan Fund.

(b) After the Closing Date, the Borrower, with the written consent of the Bondholder Representative, may deposit additional funds into the Capitalized Interest Account. On the last Business Day immediately preceding each Bond Payment Date up to and including the date the Project is placed in service, the Trustee shall transfer funds from the Capitalized Interest Account to the Bond Fund to pay accrued interest on the Bonds through the date immediately preceding such Bond Payment Date without any requirement or condition of submission of any requisition. After the Project is placed in service, amounts held in the Capitalized Interest Account shall be applied to pay Qualified Project Costs (as defined in the Senior Funding Loan Agreement) or transferred to the Bond Fund for application to the payment of interest due in respect to the Bonds, in each case upon the written direction of the Bondholder Representative to the Trustee (a copy of which shall be provided to the Borrower).

#### **Section 4.3**    *Application of Revenues.*

(a) All Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the Revenue Fund, except (i) the proceeds of the Bonds received by the Trustee on the Closing Date, which shall be applied in accordance with the provisions of Section 2.10 hereof; (ii) with respect to investment earnings to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable; and (iii) with respect to amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) On each Bond Payment Date or any other date on which payment of principal of or interest on the Bonds becomes due and payable, the Trustee shall credit from the Revenue Fund to the Bond Fund an amount equal to the principal of and interest due on the Bonds on such date.

(c) Promptly upon receipt, the Trustee shall deposit directly to the Bond Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Junior Loan, after reimbursement of any and all amounts owed to the Bondholder Representative and (ii) amounts paid to the Trustee to be applied to the redemption of all or a portion of the Bonds pursuant to Article III hereof.

(d) Should the amount in the Bond Fund be insufficient to pay the amount due on the Bonds on any given Bond Payment Date or other payment date, the Trustee shall credit to the Bond Fund the amount of such deficiency by charging the Revenue Fund.

**Section 4.4**    *Application of Bond Fund.* The Trustee shall charge the Bond Fund, on each Bond Payment Date, an amount equal to the unpaid interest and principal due on the Bonds on such Bond Payment Date, and shall cause the same to be applied to the payment of such interest and principal when due.

Income realized from the investment or deposit of money in the Bond Fund shall be deposited by the Trustee upon receipt thereof in the Revenue Fund.

No amount shall be charged against the Bond Fund except as expressly provided in this Article IV and in Section 6.05.

**Section 4.5** *Reserved.*

**Section 4.6** *Reserved.*

**Section 4.7** *Reserved.*

**Section 4.8** *Investment of Funds.* The money held by the Trustee shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder shall be, except as otherwise expressly provided herein, invested by the Trustee, at the written direction of the Borrower in Qualified Investments. The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase in a Qualified Investment remains a Qualified Investment thereafter.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the Revenue Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary so to do in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

The Issuer acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur. To the extent permitted by law, the Issuer specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

**Section 4.9** *Money Held for Particular Bonds; Funds Held in Trust.* The amounts held by the Trustee for the payment of the interest, principal or redemption price due on any date with respect to particular Bonds pending such payment, shall be set aside and held in trust by it for the Holders of the Bonds entitled thereto, and for the purposes hereof such interest, principal or redemption price, after the due date thereof, shall no longer be considered to be unpaid.

All money held by the Trustee for such purpose at any time pursuant to the terms of this Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

**Section 4.10** *Accounting Records.* The Trustee shall maintain accurate books and records for all funds and accounts established hereunder and provide monthly statements (or other electronic access as agreed to by the parties) of such funds and accounts to the Issuer and the Borrower upon request.

**Section 4.11** *Amounts Remaining in Funds.* After full payment of the Bonds (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full

payment of the fees, charges and expenses of the Issuer and the Trustee and other amounts required to be paid hereunder or under any Junior Loan Document, any amounts remaining in any fund or account hereunder shall be paid to the Borrower.

**Section 4.12 *Cost of Issuance Fund.*** The Trustee shall use money on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower, as set forth in the closing memorandum prepared by the holder of the Senior Governmental Lender Note (and accepted and agreed to by the Issuer and the Borrower) on the Closing Date or by Requisition in the form attached hereto as Exhibit C, upon delivery to the Trustee of appropriate invoices for such expenses. Investment earnings on amounts in the Cost of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Closing Date shall be transferred to the Borrower. Upon such final disbursement, the Trustee shall close the Cost of Issuance Fund.

## ARTICLE V

### GENERAL COVENANTS AND REPRESENTATIONS

**Section 5.1 *Payment of Principal and Interest.*** The Issuer covenants that it will promptly pay or cause to be paid, but only from the sources identified herein, sufficient amounts to provide for the payment of the principal of, and interest on the Bonds at the place, on the dates and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof.

**Section 5.2 *Performance of Covenants.*** The Issuer covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto.

**Section 5.3 *Representations and Warranties of the Issuer.*** The Issuer hereby represents and warrants as follows:

(a) The Issuer is a public instrumentality and political subdivision of the State of California.

(b) The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Indenture, the Junior Loan Agreement and the other Bond Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The revenues and assets pledged for the repayment of the Bonds are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Indenture, and all action on the part of the Issuer to that end has been duly and validly taken.

(d) The Bond Documents to which the Issuer is a party have been validly authorized, executed and delivered by the Issuer, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

**Section 5.4** *Inspection of Project Books.* The Issuer covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as the Trustee or the Bondholder Representative may from time to time reasonably designate.

**Section 5.5** *Damage, Destruction or Condemnation.* Net Proceeds resulting from casualty to or condemnation of the Project shall be applied, after satisfaction of all payment requirements under the Senior Loan Documents, as provided in the Junior Loan Documents.

**Section 5.6** *Tax Covenants.*

(a) *Issuer's Covenants.* The Issuer covenants to and for the benefit of the Holders of the Bonds that it will:

(1) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Bonds or the money and investments held in the funds and accounts in any manner which would cause the Bonds to be arbitrage bonds under Section 148 of the Code and the Regulations issued under Section 148 of the Code (the "Regulations") or which would otherwise cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(2) enforce or cause to be enforced all obligations of the Borrower under the Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Regulatory Agreement within a reasonable period after it first discovers or becomes aware of any such violation;

(3) not take or cause to be taken any other action or actions, or fail to take any action or actions, if the same would cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(4) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Issuer on the Bonds will be excluded from the gross income for federal income tax purposes, of the Bondholders pursuant to the Code, except in the event where any such owner of Bonds is a "substantial user" of the facilities financed with the Bonds or a "related person" within the meaning of the Code; and

(5) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section 5.05, the Issuer and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full, and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Indenture by this reference and agrees to comply with the terms specifically applicable to it. In the event of a conflict between the terms of this Indenture and the Tax Certificate, the terms of the Tax Certificate shall control.

(b) *Trustee's Covenants.* The Trustee agrees that it will invest funds held under this Indenture in accordance with the covenants and terms of this Indenture and the Tax Certificate (this covenant shall extend through the term of the Bonds, to all funds and accounts created under this Indenture and all money on deposit to the credit of any such fund or account). The Trustee covenants to and for the benefit of the Bondholders that, notwithstanding any other provisions of this Indenture or of any other Loan Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower or the Issuer. This covenant shall extend, throughout the term of the Bonds, to all funds created under this Indenture and all money on deposit to the credit of any such fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Indenture, the Trustee obligates itself to comply throughout the term of the issue of the Bonds with the requirements of Sections 103(b) and 148 of the Code; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower or the Issuer. The Trustee further covenants that should the Issuer or the Borrower file with the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so file), or should the Trustee receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become "arbitrage bonds," then the Trustee will comply with any written instructions of the Issuer, the Borrower or Bond Counsel regarding such investment (which shall, in any event, be a Qualified Investment) or use so as to prevent the Bonds from becoming "arbitrage bonds," and the Trustee will bear no liability to the Issuer, the Borrower or the Bondholders for investments made in accordance with such instructions.

## ARTICLE VI

### DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

**Section 6.1** *Events of Default.* Each of the following shall be an event of default with respect to the Bonds (an "Event of Default") under this Indenture:

(a) failure to pay the principal of, or interest on any Bond when due, to the extent sufficient Revenues are available therefor;

(b) failure by the Issuer or the Trustee to perform or observe any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and the continuation of such failure for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer or the Trustee by the Borrower, the Trustee or the Issuer, as applicable, or by the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; or

(c) the occurrence of any Event of Default under the Junior Loan Agreement upon written notice thereof, specifying such default and requiring the same to be remedied, delivered to the Issuer or the Trustee by the Borrower, the Trustee or the Issuer, as applicable, or by the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding.

The Trustee and the Issuer agree that a failure to pay any amounts required to be paid under this Indenture as a result of a deficiency of available Revenues shall not constitute an Event of Default hereunder during any period in which any Senior Obligations are Outstanding.

The Trustee and the Issuer agree that a failure to pay any amounts required to be paid under this Indenture as a result of a deficiency of available Revenues shall not during any period in which any Senior Obligations are Outstanding constitute an Event of Default hereunder whereby the Bondholder Representative may commence an Enforcement Action; provided, however, such deficiency of available Revenues may during the period commencing on the Closing Date and ending on and including February 28, 2018 result in the Bonds bearing interest at the Default Rate as set forth in Section 2.01(b) hereof.

**Section 6.2    *Acceleration; Other Remedies Upon Event of Default.***

(a)    Upon the occurrence of an Event of Default under Section 6.01(b) hereof, the Trustee shall, upon the written direction of the Bondholder Representative, and the consent of the Servicer, if required, and receipt of indemnity satisfactory to it, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

(b)    Upon the occurrence of an Event of Default (other than an Event of Default under Section 6.01(b) hereof), the Trustee shall, but only upon the written direction of the Bondholder Representative, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable and interest on the Bonds shall cease to accrue, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer or the Borrower shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) upon all the Bonds then due, with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Trustee (including its counsel) shall have been made good or cured or adequate provision shall have been made therefor (collectively, the “Cure Amount”) shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in writing by the Bondholder Representative, then and in every case, the Trustee on behalf of the Holders of all the Outstanding Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Bonds with respect to which such an Event of Default has occurred (if no Event of Default has occurred and is continuing under Section 6.01(b)), may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under this Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of or interest on the Bonds then Outstanding and to require the Issuer to carry out any covenants or agreements with or for the benefit of the Bondholders and to perform its duties under the Act, this Indenture, the Junior Loan Agreement or the Regulatory Agreement to the extent permitted under the applicable provisions thereof;

(2) by pursuing any available remedies under the Junior Loan Agreement or any Junior Loan Document or the Regulatory Agreement;

(3) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and

(4) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Holders of the Bonds and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Bondholders hereunder or under the Junior Loan Agreement or any other Junior Loan Document or the Regulatory Agreement, as applicable, 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 Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Trustee or the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

**Section 6.3 *Rights of Bondholders.*** If an Event of Default under Section 6.01(b) hereof shall have occurred and is then continuing, and if requested in writing so to do by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is a default, and if indemnified to its satisfaction, the Trustee shall exercise one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel or a committee of Responsible Officers, shall deem to be in the best interest of the affected Bondholders. If an Event of Default under Section 6.01(b) hereof shall have occurred and is then continuing, the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which an Event of Default has occurred shall have the right at any time, subject to the provisions of Section 6.08 hereof, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Indenture.

**Section 6.4 *Waiver by Issuer.*** Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Issuer nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Indenture; and the Issuer, for itself and all who may claim through or under it, hereby waives, to the



extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of the State and the United States.

**Section 6.5** *Application of Money After Default.* All money collected by the Trustee at any time pursuant to this Article VI shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the Revenue Fund. Such money so credited to the Revenue Fund and all other money from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund and the Bond Fund available for the payment of interest or principal then due with respect to the Bonds shall be insufficient for such payment, such money (other than money held for the payment or redemption of particular Bonds as provided in Section 4.09 hereof) shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to the Trustee incurred in performance of its duties under this Indenture, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under this Indenture;

(b) Unless the principal of all Bonds shall have become or have been declared due and payable:

**FIRST:** to the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference; and

**SECOND:** to the payment to the Persons entitled thereto of the unpaid principal of and, on any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of and, on the Bonds so due on any date, then to the payment of principal ratably, according to the amounts due on such date, to the Persons entitled thereto, without any discrimination or preference, and then to the payment of any premium due on the Bonds, ratably, according to the amounts due on such date, to the Persons entitled thereto, without any discrimination or preference.

(c) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal of, and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the Persons entitled thereto without any discrimination or preference except as to any differences in the respective rates of interest specified in the Bonds.

**Section 6.6** *Reserved.*

**Section 6.7 Remedies Vested in Trustee.** All rights of action, including the right to file proof of claims, under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery or judgment shall be for the mutual benefit as provided herein of all of the Holders of the Outstanding Bonds.

**Section 6.8 Remedies of Bondholders.** No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default shall have occurred of which the Trustee shall have been notified as provided herein; (b) such default shall have become an Event of Default under Section 6.01(b) hereof; (c) the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is such an Event of Default shall have made written request to the Trustee and shall have offered reasonable opportunity to the Trustee either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) such Holders shall have offered to the Trustee indemnity as provided in this Indenture; and (e) the Trustee shall within sixty (60) days thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture or the rights of any other Holders of Bonds or to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided with respect to the equal and ratable benefit of all Holders of Bonds with respect to which there is a default. Nothing contained in this Indenture shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at the maturity thereof or the obligation of the Issuer to pay the principal of, and interest on the Bonds issued hereunder to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed herein and in said Bonds.

**Section 6.9 Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Trustee, the Bondholder Representative, the Borrower and the Bondholders shall be restored to their former positions and rights hereunder with respect to the Trust Estate herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**Section 6.10 Waivers of Events of Default.** So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, and interest on the Bonds only upon the written direction of the Bondholder Representative. If there shall have occurred and is then continuing an Event of Default under Section 6.01(b) hereof, the Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, and interest on the Bonds upon the written request of the Holders of 100% of the Bonds then Outstanding with respect to which there is a default; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or upon proceedings for mandatory redemption of any Bonds, (b) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or

rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

**Section 6.11 *Notice to Bondholders if Default Occurs.*** Upon the occurrence of an Event of Default, or if an event occurs which could lead to an Event of Default with the passage of time and of which the Trustee is required to take notice pursuant to Section 7.02(1) hereof, the Trustee shall, within thirty (30) days, give written notice thereof by first class mail to the registered Owners of all Bonds then Outstanding. Notwithstanding the foregoing, except in the case of an Event of Default with respect to the payment of principal of or and interest on the Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors of the Trustee, the executive committee, or a trust committee of directors or officers of the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds.

## ARTICLE VII

### CONCERNING THE TRUSTEE

**Section 7.1 *Standard of Care.*** The Trustee, prior to an Event of Default as defined in Section 6.01 and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person's own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its breach of trust, own negligence or willful misconduct, except that:

(a) prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except with regard to the performance of such duties and obligations as are specifically set forth in this Indenture; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee by the Person or Persons authorized to furnish the same;

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(1) the Trustee shall not be liable for any error of judgment made in good faith by an officer or employee of the Trustee except for willful misconduct or negligence by the officer or employee of the Trustee as the case may be; and

(2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholder Representative or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding (or such lesser or greater percentage as is specifically required or permitted by this Indenture) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

**Section 7.2 *Reliance Upon Documents.*** Except as otherwise provided in Section 7.01:

(a) the Trustee may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document of the proper party or parties, including any facsimile transmission as permitted hereunder or under the Junior Loan Agreement;

(b) any notice, request, direction, election, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Issuer by an Authorized Officer of the Issuer (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the Issuer may be evidenced to the Trustee by a copy of such resolution duly certified by an Authorized Officer of the Issuer;

(c) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Borrower by any Authorized Officer of the Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of the Borrower may be evidenced to the Trustee by a copy of such resolution duly certified by a secretary or other authorized representative of the Borrower;

(d) [Intentionally Omitted];

(e) any notice, request, direction, election, order or demand of the Bondholder Representative mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Bondholder Representative by any Authorized Officer of the Bondholder Representative (unless other evidence in respect thereof be herein specifically prescribed);

(f) [Intentionally Omitted];

(g) [Intentionally Omitted];

(h) in the administration of the trusts of this Indenture, the Trustee may execute any of the trusts or powers hereby granted directly or through its agents, receivers or attorneys, and the Trustee may consult with counsel and the opinion or advice of such counsel shall be full and

complete authorization and protection in respect of any action taken or permitted by it hereunder in good faith and in accordance with the opinion of such counsel;

(i) whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of the Issuer or the Borrower and such certificate shall in the absence of bad faith on the part of the Trustee be full warrant to the Trustee for any action taken or permitted by it under the provisions of this Indenture, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;

(j) the recitals herein and in the Bonds (except the Trustee's certificate of authentication thereon) shall be taken as the statements of the Issuer and the Borrower and shall not be considered as made by or imposing any obligation or liability upon the Trustee. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer or the Borrower to the Trust Estate, or as to the security of this Indenture, or of the Bonds issued hereunder, and the Trustee shall incur no liability or responsibility in respect of any of such matters;

(k) the Trustee shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Trust Estate except for its own willful misconduct or negligence; and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.02(k);

(l) the Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate the Trustee) herein or in any contracts or securities assigned or conveyed to or pledged with the Trustee hereunder, except Events of Default that are evident under Section 6.01(a) or Section 6.01(b) hereof. The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01 hereof (except defaults under Section 6.01(a) or Section 6.01(b) hereof) unless the Trustee shall receive from the Issuer, the Bondholder Representative or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice the Trustee may conclusively assume that there is not such default. Every provision contained in this Indenture or related instruments or in any such contract or security wherein the duty of the Trustee depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(l);

(m) the Trustee shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of the Trustee, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the Holder of any Bond; and

(n) the Trustee shall be under no obligation to exercise those rights or powers vested in it by this Indenture, other than such rights and powers which it shall be obliged to exercise

in the ordinary course of its trusteeship under the terms and provisions of this Indenture and as required by law, at the request or direction of any of the Bondholders pursuant to Sections 6.03 and 6.08 of this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee is authorized and directed to execute in its capacity as Trustee the Junior Loan Agreement and the Regulatory Agreement and 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 issuance of the Bonds.

The Trustee or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

The Trustee agrees to accept and act upon facsimile transmission or Electronic Notice of written instructions and/or directions pursuant to this Indenture provided, however, that: (a) subsequent to such facsimile transmission or Electronic Notice of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by such Person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated Person.

Any resolution, certification, notice, request, direction, election, order or demand delivered to the Trustee pursuant to this Section 7.02 shall remain in effect until the Trustee receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

The Trustee shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.17 hereof.

**Section 7.3 *Use of Proceeds.*** The Trustee shall not be accountable for the use or application of any of the Bonds authenticated or delivered hereunder or of the proceeds of the Bonds except as provided herein.

**Section 7.4 *Trustee May Hold Bonds.*** The Trustee and its officers and directors may acquire and hold, or become pledgees of Bonds and otherwise may deal with the Issuer and the Borrower in the same manner and to the same extent and with like effect as though it were not Trustee hereunder.

**Section 7.5 *Trust Imposed.*** All money received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received.

**Section 7.6 Compensation of Trustee.** The Trustee shall be entitled to its acceptance fee and its annual administration fee, payable by the Borrower pursuant to the Junior Loan Agreement, in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of the Trustee hereunder. The Trustee shall be entitled to extraordinary fees and expenses in connection with any Extraordinary Services performed consistent with the duties hereunder or under any of the Junior Loan Documents; provided the Trustee shall not incur any extraordinary fees and expenses without the consent of the Bondholder Representative (except that no consent shall be required if an Event of Default under 6.01(b) has occurred and is continuing). If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to the Trustee for its services and reimbursement to the Trustee for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in the Junior Loan Agreement and in Sections 4.11 and 6.05 hereof. The Issuer shall have no liability for Trustee's fees, costs or expenses. Subject to the provisions of Section 7.09 hereof, the Trustee agrees that it shall continue to perform its duties hereunder (including, but not limited to, its duties as Paying Agent and Bond Registrar) and under the Junior Loan Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that the Borrower fails to pay the Trustee's fees and expenses as required by the Junior Loan Agreement.

The Borrower shall indemnify and hold harmless the Trustee and its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants and servants, past, present or future, from and against (a) any and all claims by or on behalf of any Person arising from any cause whatsoever in connection with this Indenture or transactions contemplated hereby, the Project, or the issuance of the Bonds; (b) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project, or the issuance of the Bonds; and (c) all costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that the Borrower shall not be required to indemnify any Person for damages caused by the gross negligence, willful misconduct or unlawful acts of such Person or which arise from events occurring after the Borrower ceases to own the Project. In the event that any action or proceeding is brought or claim made against the Trustee, or any of its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section shall survive the termination of this Indenture.

**Section 7.7 Qualifications of Trustee.** There shall at all times be a Trustee hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Trustee shall have a combined capital and surplus of at least \$50,000,000 (or shall be a wholly owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have

been appointed by a court of competent jurisdiction pursuant to Section 7.09. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.09.

**Section 7.8 *Merger of Trustee.*** Any association or corporation into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, *ipso facto*, be and become successor Trustee hereunder and vested with all the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges 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 any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Trustee in respect of the beneficial interest of the Trustee in the Junior Loan.

**Section 7.9 *Resignation by the Trustee.*** The Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, the Borrower and the Bondholder Representative, and by giving notice by certified mail or overnight delivery service to each Holder of the Bonds then Outstanding. Such notice to the Issuer, the Borrower and the Bondholder Representative may be served personally or sent by certified mail or overnight delivery service. The resignation of the Trustee shall not be effective until a successor Trustee has been appointed as provided herein and such successor Trustee shall have agreed in writing to be bound by the duties and obligations of the Trustee hereunder.

**Section 7.10 *Removal of the Trustee.*** The Trustee may be removed at any time, either with or without cause, with the consent of the Bondholder Representative (which consent of the Bondholder Representative shall not be unreasonably withheld and which approval shall be deemed given after fifteen (15) days if the Bondholder Representative has not responded to a written request for such approval) by a written instrument signed by the Issuer and delivered to the Trustee and the Borrower, and if an Event of Default shall have occurred and be continuing, other than an Event of Default under Section 6.01(b), by a written instrument signed by the Bondholder Representative and delivered to the Trustee, the Issuer and the Borrower. The Trustee may also be removed, if an Event of Default under Section 6.01(b) shall have occurred and be continuing, by a written instrument or concurrent instruments signed by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding and delivered to the Trustee, the Issuer, the Borrower and the Bondholder Representative. The Trustee may also be removed by the Bondholder Representative following notice to the Issuer and after a thirty (30) day period during which the Issuer may attempt to cause the Trustee to discharge its duties in a manner acceptable to Bondholder Representative, and in each case written notice of such removal shall be given to the Servicer, the Borrower and to each registered Owner of Bonds then Outstanding as shown on the Bond Registrar. Any such removal shall take effect on the day specified in such written instrument(s), but the Trustee shall not be discharged from the trusts hereby created until a successor Trustee has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of the Trustee hereunder.



**Section 7.11 *Appointment of Successor Trustee.***

(a) In case at any time the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and the Issuer, with the written consent of the Bondholder Representative (which consent shall not be unreasonably withheld and which consent shall be deemed given after fifteen (15) days if the applicable party has not responded to a written request from the Issuer for such consent), shall promptly appoint a successor Trustee. Any such appointment shall be made by a written instrument executed by an Authorized Officer of the Issuer.

(b) If, in a proper case, no appointment of a successor Trustee shall be made pursuant to subsection (a) of this Section 7.11 within sixty (60) days following delivery of all required notices of resignation given pursuant to Section 7.09 or of removal of the Trustee pursuant to Section 7.10, the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

**Section 7.12 *Concerning Any Successor Trustee.*** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer a written instrument accepting such appointment hereunder, accepting assignment of the beneficial interest in the Junior Mortgage, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, the Borrower or the Bondholder Representative, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Trustee all the Trust Estate and the rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and money held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by a successor Trustee for more fully and certainly vesting in such successor the Trust Estate and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded. Each successor Trustee shall mail notice by first class mail, postage prepaid, at least once within 30 days of such appointment, to the Owners of all Bonds Outstanding at their addresses on the Bond Register.

**Section 7.13 *Successor Trustee as Trustee, Paying Agent and Bond Registrar.*** In the event of a change in the office of Trustee, the predecessor Trustee which shall have resigned or shall have been removed shall cease to be trustee and paying agent on the Bonds and Bond Registrar, and the successor Trustee shall become such Trustee, Paying Agent and Bond Registrar.

**Section 7.14 *Appointment of Co-Trustee or Separate Trustee.*** It is the intent of the Issuer and the Trustee that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to

transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under or connected with this Indenture, the Junior Loan Agreement or any of the other Junior Loan Documents, and, in particular, in case of the enforcement of any remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein or therein granted to the Trustee or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee, with the consent of the Issuer, appoint an additional individual or institution as a co-trustee or separate trustee.

In the event that the Trustee appoints an additional individual or institution as a co-trustee or separate trustee, in the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to the Trustee herein or to hold title to the Trust Estate or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be imposed upon, exercised by or vested in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by and vest in such separate trustee or co-trustee, but only to the extent necessary to enable such co-trustee or separate trustee to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-trustee or separate trustee shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.14. Such co-trustee or separate trustee shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Issuer and the Trustee.

Should any instrument in writing from the Issuer be required by the co-trustee or separate trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer, the Trustee and the Borrower. If the Issuer shall fail to deliver the same within thirty (30) days of such request, the Trustee is hereby appointed attorney-in-fact for the Issuer to execute, acknowledge and deliver such instruments in the Issuer's name and stead. In case any co-trustee or separate trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-trustee or separate trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Trustee;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon or exercised or performed by the Trustee, or by the Trustee and such co-trustee, or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent

or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or separate trustee;

(c) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-trustee or separate trustee;

(d) any co-trustee or separate trustee to the extent permitted by law shall delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Trustee at any time by an instrument in writing with the concurrence of the Issuer evidenced by a certified resolution may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section and in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of or remove any such co-trustee or separate trustee without the concurrence of the Issuer, and upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

(f) no Trustee or co-trustee hereunder shall be personally liable by reason of any act or omission of any other Trustee hereunder;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Bondholders and delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee; and

(h) any money, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

The total compensation of the Trustee and co-trustee or separate trustee shall be as, and may not exceed the amount, provided in Section 7.06 hereof.

**Section 7.15 *Notice of Certain Events.*** The Trustee shall give written notice to the Issuer, the Servicer and the Bondholder Representative of any failure by the Borrower to comply with the terms of the Regulatory Agreement of which a Responsible Officer has actual knowledge.

**Section 7.16 *Reserved.***

**Section 7.17 *Filing of Financing Statements.*** The Trustee shall, at the expense of the Borrower, file or record or cause to be filed or recorded all UCC continuation statements for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Closing Date in connection with the security for the Bonds pursuant to the authority of the UCC. Upon the filing of any such continuation statement the Trustee shall immediately notify the Issuer, the Borrower, the Bondholder Representative and the Servicer that the same has been done. If direction is given by the Servicer or the Bondholder Representative, the Trustee shall file all continuation statements in accordance with such directions.

## ARTICLE VIII

### SUPPLEMENTAL INDENTURES AND AMENDMENTS OF CERTAIN DOCUMENTS

**Section 8.1** *Supplemental Indentures Not Requiring Consent of Bondholders.* The Issuer and the Trustee may from time to time and at any time, without the consent of, or notice to, any of the Bondholders, but with the prior written consent of the Bondholder Representative, enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

(a) to cure any formal defect, omission, inconsistency or ambiguity herein in a manner not materially adverse to the Holder of any Bond to be Outstanding after the effective date of the change;

(b) to grant to or confer upon the Trustee for the benefit of the Holders of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted or conferred and that are not contrary to or inconsistent with this Indenture or the rights of the Trustee hereunder as theretofore in effect;

(c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under any state blue sky laws;

(e) to make such additions, deletions or modifications as may be, in the opinion of Bond Counsel delivered to the Issuer and the Trustee, necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds; or

(f) to modify, amend or supplement this Indenture in any other respect which is not materially adverse to the Holders of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in Section 8.02.

**Section 8.2** *Supplemental Indentures Requiring Consent of Bondholders.* With the prior written consent of the Bondholder Representative, the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting, (a) an extension of the time for payment of, or an extension of the stated maturity or reduction in the principal amount or reduction in the rate of interest on or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, or a reduction in the Borrower's obligation on the Junior Note, without the consent of the Holders of all of the Bonds then Outstanding, (b) the creation of any lien prior to or on a parity with the lien of this Indenture, (c) a reduction in the aforesaid percentage of the

principal amount of Bonds which is required in connection with the giving of consent to any such supplemental indenture, without the consent of the Holders of all of the Bonds then Outstanding, (d) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, (e) a privilege or priority of any Bond over any other Bonds, or (f) any action that results in the interest on the Bonds becoming included in gross income for federal income tax purposes.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to all registered Bondholders and to the Bondholder Representative. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders.

Thirty (30) days after the date of the mailing of such notice, the Issuer and the Trustee may enter into such supplemental indenture substantially in the form described in such notice, but only if there shall have first been or is simultaneously delivered to the Trustee the required consents, in writing, of the Bondholder Representative and the Holders of not less than the percentage of Bonds required by this Section 8.02. If the Holders of not less than the percentage of Bonds required by this Section 8.02 shall have consented to and approved the execution and delivery of a supplemental indenture as provided herein, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section 8.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article VIII.

Anything in this Article VIII to the contrary notwithstanding, unless the Borrower shall then be in default of any of its obligations under the Junior Loan Agreement, the Regulatory Agreement, the Junior Note or the Junior Mortgage, a supplemental indenture under this Article VIII which affects any rights of the Borrower shall not become effective unless and until the Borrower shall have expressly consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture to be mailed by certified or registered mail to the Borrower or the Borrower's attorney at least fifteen (15) days prior to the proposed date of execution and delivery of any supplemental indenture.

Notwithstanding any other provision of this Indenture, the Issuer and the Trustee may consent to any supplemental indenture upon receipt of the consent of the Bondholder Representative, the Holders of all Bonds then Outstanding and, as applicable, the Borrower.

**Section 8.3 *Amendments to Junior Loan Agreement Not Requiring Consent of Bondholders.*** The Trustee shall, without the consent of, or notice to, the Bondholders, but with the consent of the Borrower and the Bondholder Representative, consent to any amendment, change or modification of the Junior Loan Agreement as follows:

(a) as may be required by the provisions of Junior Loan Agreement or this Indenture;

(b) to cure any formal defect, omission, inconsistency or ambiguity in the Junior Loan Agreement in a manner not materially adverse to the Holder of any Bond to be Outstanding after the effective date of the change;

(c) to make such additions, deletions or modifications as may be necessary, in the opinion of Bond Counsel delivered to the Issuer and the Trustee, to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds; or

(d) to modify, amend or supplement the Junior Loan Agreement in any other respect which is not materially adverse to the Trustee or Holders of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in Section 8.04.

**Section 8.4 *Amendments to Junior Loan Agreement Requiring Consent of Bondholders.*** Except for the amendments, changes or modifications of the Junior Loan Agreement as provided in Section 8.03 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Junior Loan Agreement without the consent of the Bondholder Representative, and the Borrower and without the giving of notice and the written approval or consent of the Holders of at least 51% of the aggregate principal amount of the Bonds then Outstanding given and procured in accordance with the procedure set forth in Section 8.02 hereof; provided, however, that nothing contained in this Section 8.04 shall permit, or be construed as permitting, any amendment, change or modification of the Borrower's obligation to make the payments required under the Junior Loan Agreement without the consent of the Holders of all of the Bonds then Outstanding. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Junior Loan Agreement, the Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 8.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by Bondholders.

**Section 8.5 *Consent of Holders of Senior Governmental Lender Notes.*** No supplement or amendment to the Junior Loan Agreement or this Indenture, as described in this Article VIII, shall be effective except upon receipt by the Trustee of the written consent, which consent shall not be unreasonably withheld, conditioned, or delayed, thereto of the holders of 100% of the aggregate principal amount of the Senior Governmental Lender Notes then outstanding.

**Section 8.6 *Opinion of Bond Counsel Required.*** No supplement or amendment to the Junior Loan Agreement or this Indenture, as described in this Article VIII, shall be effective until the Issuer, the Trustee and the Bondholder Representative shall have received an opinion of Bond Counsel to the effect that such supplement or amendment is authorized or permitted by this Indenture and, upon execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and will not cause interest on the Bonds to be includable in gross income of the Holders thereof for federal income tax purposes. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (i) any proposed supplemental indenture or amendment permitted by this Article VIII complies with the provisions of this Indenture, (ii) it is proper for the Trustee to join in the execution of that supplemental indenture or amendment under the provisions of this Article VIII, and (iii) if

applicable, such proposed supplemental indenture or amendment is not materially adverse to the interests of the Bondholders.

## ARTICLE IX

### SATISFACTION AND DISCHARGE OF INDENTURE

**Section 9.1** *Discharge of Lien.* If the Issuer shall pay or cause to be paid to the Holders of the Bonds the principal and interest to become due thereon at the times and in the manner stipulated therein and herein, in any one or more of the following ways:

- (a) by the payment of the principal of and interest on all Bonds Outstanding; or
- (b) by the deposit or credit to the account of the Trustee, in trust, of money or securities in the necessary amount (as provided in Section 9.04) to pay the principal, redemption price and interest to the date established for redemption whether by redemption or otherwise; or
- (c) by the delivery to the Trustee, for cancellation by it, of all Bonds Outstanding;

and shall have paid all amounts due and owing to the Bondholder Representative hereunder, and shall have paid all fees and expenses of and any other amounts due to the Trustee, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Issuer the estate hereby conveyed, and assign and deliver to the Issuer any interest in property at the time subject to the lien of this Indenture which may then be in its possession, except amounts held by the Trustee for the payment of principal of, interest, on the Bonds.

Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section 9.01 if, under circumstances which do not cause interest on the Bonds to become includable in the Holders' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) in case such Bond is to be redeemed on any date prior to its maturity, the Trustee shall have given to the Bondholder irrevocable notice of redemption of such Bond on said date; (b) there shall be on deposit with the Trustee, pursuant to Section 9.04 hereof, either money or direct obligations of the United States of America in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal or redemption price, if applicable, and interest due and to become due on such Bond on the redemption date or Maturity Date thereof, as the case may be; and (c) in the case of Bonds which do not mature or will not be redeemed within Sixty (60) days of such deposit, the Trustee shall have received a verification report of a firm of certified public accountants reasonably acceptable to the Trustee as to the adequacy of the amounts so deposited to fully pay the Bonds deemed to be paid.

The Trustee shall in no event cause the Bonds to be optionally redeemed from money deposited pursuant to this Article IX unless the requirements of Article III have been met with respect to such redemption.

**Section 9.2** *Reserved.*

**Section 9.3** *Discharge of Liability on Bonds.* Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.01) to pay or redeem Outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds) provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Issuer in respect of such Bonds shall cease, terminate and be completely discharged, except only that thereafter the holders thereof shall be entitled to payment by the Issuer, and the Issuer shall remain liable for such payment, but only out of the money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 9.04.

**Section 9.4** *Payment of Bonds After Discharge of Indenture.* Notwithstanding any provisions of this Indenture, and subject to applicable unclaimed property laws of the State, any money deposited with the Trustee or any paying agent in trust for the payment of the principal of, interest on the Bonds remaining unclaimed for two (2) years after the payment thereof, to the extent permitted by applicable law, shall be paid to the Borrower, whereupon all liability of the Issuer and the Trustee with respect to such money shall cease, and the holders of the Bonds shall thereafter look solely to the Borrower for payment of any amounts then due. All money held by the Trustee and subject to this Section 9.04 shall be held uninvested and without liability for interest thereon.

**Section 9.5** *Deposit of Money or Securities With Trustee.* Whenever in this Indenture it is provided or permitted that there be deposited with or credited to the account of or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held shall consist of:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which there shall have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date; or

(b) noncallable and nonprepayable direct obligations of the United States of America or noncallable and nonprepayable obligations which as to principal and interest constitute full faith and credit obligations of the United States of America, in such amounts and maturing at such times that the proceeds of said obligations received upon their respective maturities and interest payment dates, without further reinvestment, will provide funds sufficient, in the opinion of a nationally recognized firm of certified public accountants, to pay the principal, and interest to maturity, or to the redemption date, as the case may be, with respect to all of the Bonds to be paid or redeemed, as such principal, and interest become due; provided that the Trustee shall have been irrevocably instructed by the Issuer to apply the proceeds of said obligations to the payment of said principal, and interest with respect to such Bonds.



## ARTICLE X

### INTENTIONALLY OMITTED

## ARTICLE XI

### MISCELLANEOUS

**Section 11.1 *Consents and Other Instruments of Bondholders.*** Any consent, request, direction, approval, waiver, objection, appointment or other instrument required by this Indenture to be signed and executed by the Bondholders may be signed and executed in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such instrument, namely:

(a) the fact and date of the execution by any Person of any such instrument may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such instrument acknowledged the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such affidavit or certificate shall also constitute sufficient proof of such authority;

(b) the ownership of registered Bonds shall be proved by the Bond Register; and

(c) any request, consent or vote of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or permitted to be done by the Trustee or the Issuer in pursuance of such request, consent or vote.

### **Section 11.2 *Reserved.***

**Section 11.3 *Limitation of Rights.*** With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the Parties hereto, the Bondholder Representative, the Borrower and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions hereof.

**Section 11.4 *Severability.*** If any provision of this Indenture shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

**Section 11.5 Notices.**

(a) Any provision of this Indenture relating to the mailing of notice or other communication to Bondholders shall be deemed fully complied with if such notice or other communication is mailed, by first class mail, postage prepaid, to each registered Owner of any Bonds then Outstanding at the address of such registered Owner as it appears on the Bond Register. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Issuer, the Trustee, the Bondholder Representative, or the Borrower shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below or as may be required or permitted by this Indenture by Electronic Notice or by a facsimile transmission for which a confirmation of receipt has been delivered. The Issuer, the Trustee, the Bondholder Representative, or the Borrower may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Issuer: Chula Vista Housing Authority  
276 Fourth Avenue  
Chula Vista, California 91910  
Attention: Housing Manager  
Telephone: (619) 691-5263

With a copy to: Chula Vista Housing Authority  
276 Fourth Avenue  
Chula Vista, California 91910  
Attention: City Attorney  
Telephone: (619) 691-5037

The Trustee: U.S. Bank National Association  
Global Corporate Trust Services  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Ismael Diaz  
Telephone: (213) 615-6063

The Borrower: G Street Seniors CIC, LP  
c/o Chelsea Investment Corporation  
5993 Avenida Encinas, Suite 101  
Carlsbad, California 92008  
Attention: Tim Baker  
Telephone: (760) 456-6000  
Facsimile: (760) \_\_\_\_\_

With a copy to: Cox, Castle & Nicholson  
50 California Street, Suite 3200  
San Francisco, California 94111  
Attention: Ofer Elitzur  
Telephone: (415) 262-5165  
Facsimile: (415) \_\_\_\_\_

If to the Equity Investor: Raymond James California Housing  
Opportunities Fund V L.L.C.  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida 33716  
Attention: Steven Kropf  
Telephone: (727) 567-4800  
Facsimile: (727) 567-8455

With a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP  
633 West Fifth Street, 64th Floor  
Los Angeles, CA 90071  
Attention: Kyle Arndt, Esq.  
Phone: (213) 239-8000  
Facsimile: (213) 239-0410

The Servicer: Citibank, N.A.  
390 Greenwich Street, 2nd Floor  
New York, New York 10013  
Attention: Transaction Management Group  
Deal ID 23205  
Facsimile: (212) 723-8209

And to: Citibank, N.A.  
325 East Hillcrest Drive, Suite 160  
Thousand Oaks, California 91360  
Attention: Operations Manager/Asset Manager  
Deal ID 23205  
Facsimile: (805) 557-0924

prior to the Junior Bonds Conversion Date, with a copy to:

Citibank, N.A.  
One Sansome Street, 27th Floor  
San Francisco, California 94104  
Attention: Account Specialist  
Deal ID# 23205  
Facsimile: (415) 445-9965

following the Junior Bonds Conversion Date,

Citibank, N.A.  
c/o Berkadia Commercial Servicing Department  
323 Norristown Road, Suite 300  
Ambler, Pennsylvania 19002  
Attention: Client Relations Manager  
Deal ID# 23205  
Facsimile: (215) 328-0305

and a copy of any notices of default sent to:

Citibank, N.A.  
388 Greenwich Street, 17th Floor  
New York, New York 10013  
Attention: General Counsel's Office  
Deal ID# 23205  
Facsimile: (646) 291-5754

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture, provided, however, that subsequent to such facsimile transmission of written instructions, the originally executed instructions and/or directions shall be provided to the Trustee in a timely manner.

(b) The Trustee shall provide to the Bondholder Representative (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof and (ii) any written information or other written communication received by the Trustee hereunder within ten (10) Business Days of receiving a written request from the Bondholder Representative for any such information or other communication.

**Section 11.6 *Reserved.***

**Section 11.7 *Trustee as Paying Agent and Bond Registrar.*** The Trustee is hereby designated and agrees to act as Paying Agent and Bond Registrar for and in respect to the Bonds. When acting in either such capacity, the Trustee will receive the same rights, protections and indemnifications afforded to the Trustee hereunder.

**Section 11.8 *Payments Due on Non-Business Days.*** In any case where a date of payment with respect to any Bonds shall be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period from and after such date providing that payment is made on such next succeeding Business Day.

**Section 11.9 *Counterparts.*** This Indenture 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.

**Section 11.10 *Laws Governing Indenture and Administration of Trust.*** The effect and meanings of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State without regard to conflicts of laws principles.

**Section 11.11 *No Recourse.*** No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any Bond shall be had against any member, officer, commissioner, director or employee (past, present or future) of the Issuer, either directly or through the Issuer or its governing body or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Holder of any Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon any such Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Holder of any Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon any Bond hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

[Signature Pages Follow]

**IN WITNESS WHEREOF**, the Issuer and the Trustee have caused this Indenture to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

**CHULA VISTA HOUSING AUTHORITY**

By: \_\_\_\_\_  
Mary Casillas Salas  
Executive Director

**ATTEST:**

By: \_\_\_\_\_  
Donna Norris  
Secretary

**U.S. BANK NATIONAL ASSOCIATION,  
AS TRUSTEE**

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

**EXHIBIT A**

**FORM OF JUNIOR BOND**

NO. R-\_\_\_\_

\$\_\_\_\_\_

CHULA VISTA HOUSING AUTHORITY  
JUNIOR MULTIFAMILY HOUSING REVENUE BONDS  
(VOLTA APARTMENT HOMES)  
JUNIOR SERIES 2016B-3

**THIS BOND MAY ONLY BE TRANSFERRED UPON SATISFACTION OF THE REQUIREMENTS IN THE INDENTURE, INCLUDING THE DELIVERY TO THE TRUSTEE OF THE DOCUMENTS REQUIRED THEREIN IN CONNECTION WITH ANY TRANSFER OF THIS BOND. ANY TRANSFER OF THIS BOND IN VIOLATION OF THE TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE SHALL BE VOID AND OF NO EFFECT.**

<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>INTEREST RATE</u>	<u>CUSIP</u>
	Closing Date	Bond Rate	

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

The Chula Vista Housing Authority, a public instrumentality and political subdivision of the State of California (the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the registered owner identified above or registered assigns, on the Maturity Date set forth above, the principal sum set forth above and to pay (but only out of Revenues as hereinafter provided) interest on the balance of said principal amount from time to time remaining unpaid from and including the date hereof until payment of said principal amount has been made or duly provided for, at the rates and on the dates determined as described herein and in the Indenture (as hereinafter defined). The principal of and, on this Bond are payable at final maturity, acceleration or redemption in lawful money of the United States of America upon surrender hereof at the principal corporate trust office of U.S. Bank National Association, as Trustee, or its successor in trust (the "Trustee"). Payment of the interest on any Bond shall be made on each Bond Payment Date (as hereinafter defined) to the Person appearing on the bond registration books of the Bond Registrar as the Owner thereof on the Record Date, such interest to be paid by the Paying Agent (i) to such Owner by check or draft mailed on the Bond Payment Date, to such Owner's address as it appears on the registration books or at such other address as has been furnished to the Bond Registrar as provided below, in writing by such Owner not later than the Record Date or (ii) upon written request, at least three Business Days prior to the applicable Record Date, to the Owner of Bonds aggregating not less than \$1,000,000 in principal amount, by wire transfer in immediately available funds at an account maintained in the United States at such wire address as such Owner shall specify in its written notice; except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Bond Payment Date, such defaulted interest shall be paid to the



Owner in whose name any such Bonds are registered at the close of business on the fifth to last Business Day next preceding the date of payment of such defaulted interest.

The Bonds are authorized to be issued pursuant to Act. The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues. Proceeds from the sale of the Bonds will be loaned by the Issuer to G Street Seniors CIC, LP, a California limited partnership (the "Borrower") under the terms of a Junior Loan Agreement, dated as of March 1, 2016 (the "Agreement"), among the Issuer, the Borrower and the Trustee. The Bonds are all issued under and secured by and entitled to the benefits of a Junior Indenture of Trust, dated as of March 1, 2016 (the "Indenture") between the Issuer and the Trustee. No holder of this Bond shall ever have the right to compel the exercise of the taxing power the State or any political subdivision of the State to pay the principal of this Bond or the interest on it or any other cost incident to this Bond, or to enforce payment of this Bond against any property of the Issuer, any Program Participant of the Issuer, the State or any political subdivision of the State. The Issuer has no taxing power.

This Bond is one of a duly authorized issue of bonds of the Issuer designated as the "Chula Vista Housing Authority Junior Multifamily Housing Revenue Bonds (Volta Apartment Homes) Junior Series 2016B-3", limited in aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Issuer thereunder, to all of the provisions of the Indenture and of the Junior Loan Agreement the holder of this Bond, by acceptance hereof, assents and agrees.

The Bonds are issued simultaneously with the funding of the Issuer's multifamily revenue note designated as Multifamily Housing Revenue Note (Volta Apartment Homes) Series 2016B-1, in the original aggregate principal amount of \$\_\_\_\_\_ (the "Senior Governmental Lender Notes") pursuant to a Funding Loan Agreement, dated as of March 1, 2016 (the "Senior Funding Loan Agreement"), by and among the Issuer, Citiban, N.A., as Funding Lender (the "Senior Funding Lender") and U.S. Bank National Association, as Fiscal Agent (the "Senior Fiscal Agent"). *As set forth in the Indenture, the Bonds are subordinate in all respects to the Senior Governmental Lender Notes.*

All terms not herein defined shall have the meanings ascribed to them in the Indenture.

The Bonds are issuable as fully registered bonds without coupons in denominations of \$100,000 or dollar amount in excess thereof (herein "Authorized Denominations"). Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee and the Bond Registrar, for a like aggregate principal amount of Bonds of other Authorized Denominations.

*The Bonds may only be held by, or transferred to, Sophisticated Investors (as defined in the Indenture), with such Sophisticated Investors executing and delivering an Investor Letter in the form attached as Exhibit B to the Indenture as Exhibit B.*

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee and the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the

Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, in an Authorized Denomination or Denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The Issuer, the Trustee and the Bond Registrar may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer, the Trustee and the Bond Registrar shall not be affected by any notice to the contrary.

### **Interest on the Bonds**

Bond Payment Date has the meaning set forth in the Indenture.

Record Date means the 15th day of the month prior to an Bond Payment Date.

### **Redemption of Bonds**

The Bonds are subject to optional, mandatory and extraordinary redemption as set forth in the Indenture.

### **General Matters**

The holder of this Bond shall have no right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture or to enforce a drawing on the Letter of Credit, except as provided in the Indenture.

No recourse shall be had for the payment of the principal of, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future member, director, officer, employee or agent of the Issuer, or through the Issuer, or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such member, director, officer, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

### **Amendments Permitted**

The Indenture contains provisions permitting the Issuer and the Trustee to execute supplemental indentures with the written consent of the Bondholder Representative and the Owners of more than fifty-one percent (51%) in aggregate principal amount of Bonds at the time Outstanding, subject to certain conditions as set forth in the Indenture.

The Indenture also contains provisions permitting the Issuer and the Trustee to execute supplemental indentures without consent of the Owners of the Bonds, subject to certain conditions as set forth in the Indenture.

The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of transfer and exchange of Bonds and of payment of the principal of and interest on the Bonds as the same become due and payable, including a provision that under certain circumstances the Bonds shall be deemed to be paid if certain securities, as defined therein, maturing as to principal and interest in such amounts and at such times as to ensure the availability of sufficient moneys to

pay the principal of, and interest on the Bonds and all necessary and proper fees, compensation and expenses of the Trustee shall have been deposited with the Trustee.

No member or officer of the Issuer, nor any Person executing this Bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of the Bonds.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Bond Registrar.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

**IN WITNESS WHEREOF**, the Chula Vista Housing Authority has caused this Bond to be executed on its behalf by the manual or facsimile signature of its Executive Director, and its seal to be reproduced hereon and attested by the manual or facsimile signature of the Deputy Secretary.

CHULA VISTA HOUSING AUTHORITY as Issuer

[SEAL]

By: \_\_\_\_\_  
Executive Director

ATTEST:

By: \_\_\_\_\_  
Deputy Secretary

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds issued under the provisions of and described in the within-mentioned Indenture.

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

U.S. Bank National Association, as Trustee

By \_\_\_\_\_  
Authorized Signer

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto  
(Please insert Social Security Number or other identifying number of assignee)

(Please Print or Typewrite Name and Address of Assignee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney to transfer the within Bond on the books kept for  
registration thereof, with full power of substitution in the premises.

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

Signature Guaranteed

\_\_\_\_\_  
NOTICE: Signature(s) must be  
guaranteed by an eligible guaranty  
institution.

\_\_\_\_\_  
Signature

NOTICE: The Signature to this assignment  
must correspond with the name as it appears  
upon the face of the within Bond in every  
particular, without alteration or enlargement or  
any change whatever.

**EXHIBIT B**

**FORM OF PURCHASER'S LETTER**

[To be prepared on letterhead of Purchaser]

[Date]

Chula Vista Housing Authority  
276 Fourth Avenue  
Chula Vista, CA 91910

U.S. Bank National Association  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, CA 90071

Re: Chula Vista Housing Authority  
Junior Multifamily Housing Revenue Bonds  
(Volta Apartment Homes) Junior Series 2016B-3

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby acknowledges receipt as transferee, from the previous owner thereof, of the above-referenced bonds (the "Bonds") in fully registered form and in the original aggregate principal amount of \$\_\_\_\_\_, constituting all of the Bonds currently outstanding. The Bonds have been checked, inspected and approved by the Purchaser.

The undersigned acknowledges that the Bonds were issued for the purpose of making a loan to assist in financing a multifamily rental housing development known as Volta Apartment Homes located in the City of Chula Vista, California (the "Project"), as more particularly described in that certain Junior Loan Agreement dated as of March 1, 2016, as may be amended and supplemented from time to time (the "Junior Loan Agreement"), by and among the Chula Vista Housing Authority (the "Issuer"), G Street Seniors CIC, LP, a limited partnership duly organized and existing under the laws of the State of California (the "Borrower"), and U.S. Bank National Association (the "Trustee"). The undersigned further acknowledges that the Bonds are secured by a certain Junior Indenture of Trust dated as of March 1, 2016, as amended and supplemented (the "Indenture"), between the Issuer and the Trustee, which creates a security interest in loan repayments made pursuant to the Junior Loan Agreement for the benefit of the holders and Owners of the Bonds, and by a Junior Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing with respect to the Project (the "Junior Mortgage"), which creates a security interest in the Project, subject to permitted encumbrances, as provided therein. Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

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

1. The Purchaser hereby certifies that it is (a) a bank as defined in Section 3(a)(2) of the Securities Act of 1933 (the “Act”) or a bank holding company or a wholly owned subsidiary of a bank holding company, or a savings and loan association or other institution as defined in Section 3(a)(5)(a) of that act whether acting in its individual or fiduciary capacity; or (b) a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; or (c) an insurance company as defined in Section 2(13) of that act; or (d) an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that act; or (e) a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; or (f) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivision for the benefit of its employees, if investment decisions are made by a plan fiduciary which is a bank, savings and loan association, insurance company, or registered investment advisor and the plan establishes fiduciary principles the same as or similar to those contained in Sections 404-407 of Title I of the Employee Retirement Income Security Act of 1974; or (g) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if investment decisions are made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$100,000,000, or, if a self-directed plan, with investment decisions made solely by Persons that are accredited investors or (h) an “accredited investor” as defined in Rule 501 of Regulation D of the Act, as amended.

2. The Bonds are being acquired by the Purchaser for its own account and for investment and not with a view to, or for resale in connection with, any public distribution of the Bonds. The Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible due to unmarketability of the Bonds; provided, however, the Purchaser acknowledges and agrees that it may transfer the Bonds in accordance with the Indenture and this letter.

3. The Purchaser understands that the Bonds have not been registered under the Act.

4. The Purchaser acknowledges that it is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower has no significant assets other than the Project. To the extent deemed appropriate in making its investment decision, the Purchaser has discussed the Borrower’s financial condition and the Borrower’s current and proposed business activities with the Borrower. The Purchaser further acknowledges that it has such knowledge and experience in business matters that it is fully capable of evaluating the merits and risks of this investment and it is able to bear the economic risk of the investment. The Bonds are a security of the kind the Purchaser wishes to purchase and hold for investment, and the nature and amount of the Bonds are consistent with the Purchaser’s investment program. The Purchaser has been furnished such information and such documents as the Purchaser deems necessary to make a decision to purchase the Bonds, including copies or forms of the Indenture, the Junior Loan Agreement, the Junior Mortgage and the Regulatory Agreement (as defined in the Indenture), and certain other documents relating to the Bonds and the Project, all of which documents the Purchaser has reviewed. Specifically, but without limitation, the Purchaser has reviewed information about the Project and the property manager for the Project, if any, as well as information about the investment risks relating to the Bonds, and the Purchaser understands that the Bonds involve a high degree of risk. SPECIFICALLY, AND WITHOUT IN ANY MANNER LIMITING THE FOREGOING, THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES THAT, AMONG OTHER RISKS, THE BONDS ARE PAYABLE SOLELY FROM REVENUES DERIVED FROM THE PROJECT

AND THAT THE BONDS ARE NOT ENTITLED TO THE BENEFIT OF ANY CREDIT FACILITY AND NOT RATED BY THE RATING AGENCY. The Purchaser has made such inquiry with respect to all of the foregoing as it believed to be desirable for its purposes.

5. The Purchaser has received from the Issuer no formal or informal offering or disclosure document relating to the Bonds and has concluded that the receipt of one prior to the purchase of the Bonds is not required. It is acknowledged that no written information has been provided by the Issuer, and that any written information furnished by any other party to the transaction does not purport to fully disclose all information pertinent to the Bonds.

6. Except as disclosed to the Issuer, the Purchaser is not now and has never been controlled by, or under common control with, the Borrower. Except as disclosed to the Issuer, the Borrower has never been and is not now controlled by the Purchaser. **THE PURCHASER HAS ENTERED INTO NO ARRANGEMENTS WITH THE BORROWER OR WITH ANY AFFILIATE OF THE BORROWER IN CONNECTION WITH THE BONDS, OTHER THAN AS DISCLOSED TO THE ISSUER.** The Purchaser hereby agrees to deliver to the Issuer a copy of any agreement between the Purchaser and the Borrower or any affiliate of the Borrower relating to the Bonds.

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

8. In entering into this transaction the Purchaser has not relied upon any representations or opinions made by the Issuer relating to the legal consequences or other aspects of the transactions, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the refinancing, operation or management thereof), or any other matter pertaining to the merits or risks of the transaction, or the adequacy of any collateral pledged to the Trustee to secure repayment of the Bonds.

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

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

11. The Purchaser has obtained, from representatives of the Borrower and others, all information regarding the Bonds that it has deemed relevant. The Purchaser has asked of the Borrower and all other relevant parties all the questions to which the Purchaser desired answers, and has had those questions satisfactorily answered. Neither the Borrower nor the Issuer nor any other



relevant party has refused to disclose any information that Purchaser deems necessary or appropriate to its decision to purchase the Bonds.

12. Although the Purchaser does not intend at this time to dispose of the Bonds, the Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to the following requirements:

(a) The Purchaser may not dispose of the Bonds to a Person or entity other than as described in Section 1 without the prior written consent of the Issuer;

(b) The Purchaser will not sell or otherwise transfer the Bonds unless such transfer will not result in the transferee owning less than an Authorized Denomination (as defined in the Indenture), except with the prior written approval of the Issuer;

(c) Prior to any transfer of the Bonds, the Purchaser shall deliver to the Issuer and the Trustee a certificate identifying any and all documents that have been executed by the Purchaser and the Borrower or any affiliate of the Borrower with respect to the Bonds; and

(d) The Purchaser will not sell or otherwise transfer the Bonds without requiring the transferee to deliver to the Issuer and to the Trustee an investor's letter to the same effect as this Purchaser's Letter, including this paragraph 12, with no revisions except as may be approved in writing by the Issuer.

CIC OPPORTUNITIES FUND II LLC  
a California limited liability company

By: CIC Manager LLC,  
a California limited liability company, its  
Manager

By: \_\_\_\_\_  
James J. Schmid  
President

**EXHIBIT C**

**COSTS OF ISSUANCE REQUISITION  
(Cost of Issuance Fund)**

U.S. Bank National Association, as Trustee

Re: Chula Vista Housing Authority  
Junior Multifamily Housing Revenue Bonds  
(Volta Apartment Homes) Junior Series 2016B-3

Trustee:

You are requested to disburse funds from the Cost of Issuance Fund pursuant to Section 4.13 of the Indenture in the amount(s), to the Person(s) and for the purpose(s) set forth in this requisition (the "Requisition"). The terms used in this requisition shall have the meaning given to those terms in the Junior Indenture of Trust (the "Indenture"), dated as of March 1, 2016, by and between the Chula Vista Housing Authority and U.S. Bank National Association, as Trustee, securing the above-referenced Bonds.

REQUISITION NO.:

PAYMENT DUE TO:

AMOUNT TO BE DISBURSED: \$

The undersigned, on behalf of G Street Seniors CIC, LP, a limited partnership duly organized and existing under the laws of the State of California (the "Borrower"), certifies that:

(a) the expenditures for which money are requisitioned by this Requisition represent proper charges against the Cost of Issuance Fund have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested; and

(b) the money requisitioned is not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance.

Attached to this Requisition is a Schedule, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition: \_\_\_\_\_

G Street Seniors CIC, LP,  
a California limited partnership

By: Pacific Southwest Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Managing General Partner

By: \_\_\_\_\_  
Robert W. Laing,  
Executive Director/President

By: CIC G Street Seniors, LLC,  
a California limited liability company,  
its Administrative General Partner

By: Chelsea Investment Corporation,  
a California corporation,  
its Manager

By: \_\_\_\_\_  
Cheri Hoffman,  
President

**EXHIBIT D**

**FORM OF JUNIOR LOAN FUND REQUISITION**

[Date]

U.S. Bank National Association, as trustee (the “Trustee”)

Re: Chula Vista Housing Authority  
Junior Multifamily Housing Revenue Bonds  
(Volta Apartment Homes) Junior Series 2016B-3

Trustee:

Pursuant to Section 4.02 of the Indenture referenced below, you are requested to disburse funds from the Junior Loan Fund in the amount(s), to the person(s) and for the purpose(s) set forth in this Requisition and the Indenture. The terms used in this Requisition shall have the meanings given to those terms in the Junior Indenture of Trust, dated as of March 1, 2016 (the “Indenture”), between the Chula Vista Housing Authority, as issuer, and the Trustee, securing the above-referenced Bonds.

- 1. REQUISITION NO.: [ ]
- 2. PAYMENT DUE TO: [ ]
- 3. AMOUNT TO BE DISBURSED: \$[ ]
- 4. ACCOUNT: [ ]

5. The amount requested to be disbursed pursuant to this Requisition will be used to pay construction costs of the Project detailed in Section I attached to this Requisition.

6. With respect to a disbursement from the Junior Loan Fund, the undersigned certifies that:

(i) the amounts included in 3 above were made or incurred or financed and were necessary for the Project;

(ii) the amount paid or to be paid, as set forth in this Requisition, represents a part of the funds due and payable for construction costs of the Project, such funds were not paid in advance of the time, if any, fixed for payment and such funds are due in accordance with the terms of any contracts applicable to the Project and in accordance with usual and customary practice under existing conditions;

(iii) the expenditures for which amounts are requisitioned represent proper charges against the Junior Loan Fund, have not been included in any previous requisition, have been properly recorded on the Borrower’s books and are set forth in Schedule I, with paid invoices attached for any sums for which reimbursement is requested;

(iv) the moneys requisitioned are not greater than those necessary to meet obligations due and payable or to reimburse the Borrower for its funds actually advanced for construction costs of the Project and do not represent a reimbursement to the Borrower for working capital;

(v) all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Indenture, the Junior Loan Agreement and the Regulatory Agreement;

(vi) not less than 97% of the sum of:

(A) the amounts requisitioned by this Requisition; plus

(B) all amounts previously requisitioned and disbursed from the Junior Loan Fund;

have been or will be applied by the Borrower to pay Qualified Project Costs (as defined in the Senior Funding Loan Agreement) of the Project;

(viii) the Borrower is not in default under the Junior Loan Agreement, the Regulatory Agreement or any other loan documents and nothing has occurred to the knowledge of the Borrower that would prevent the performance of its obligations under the Junior Loan Agreement, the Regulatory Agreement or any other loan documents;

(ix) no amounts being requisitioned by this Requisition will be used to pay, or reimburse, any costs of issuance incurred in connection with the issuance of the Bonds.

7. With respect to the disbursement from the Junior Loan Fund, attached to this Requisition is Schedule I, together with copies of invoices or bills of sale covering all items for which payment is being requested.

[Remainder of Page Intentionally Left Blank]

[Signature Page to Junior Loan Fund Requisition]

**G STREET SENIORS CIC, LP,**  
a California limited partnership

By: Pacific Southwest Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Managing General Partner

By: \_\_\_\_\_  
Robert W. Laing,  
Executive Director/President

By: CIC G Street Seniors, LLC,  
a California limited liability company,  
its Administrative General Partner

By: Chelsea Investment Corporation,  
a California corporation,  
its Manager

By: \_\_\_\_\_  
Cheri Hoffman,  
President

Approved by:

**CIC OPPORTUNITIES FUND II LLC**  
a California limited liability company

By: CIC Manager LLC,  
a California limited liability company, its  
Manager

By: \_\_\_\_\_  
James J. Schmid  
President

**SCHEDULE I**