

**Board of Directors**

Ann Bailey, Chair  
 Bob Lagomarsino, Vice-Chair  
 Nick Avdis, Member  
 Randall Winston, Member  
 VACANT, Member  
 Jill Azevedo, Acting Board Secretary

**CADA/CACDC Administration**

Wendy Saunders, Executive Director (CADA)/President (CACDC)  
 Marc de la Vergne, Deputy Executive Director (CADA)/Vice President (CACDC)  
 Noelle Mussen, Finance Director (CADA)/Chief Financial Officer (CACDC)  
 Tom Kigar, Special Projects Director  
 Todd Leon, Development Director

**Legal Counsel**

Jeff Mitchell  
 Kronick, Moskovitz, Tiedemann & Girard

Phone: (916) 322-2114

Web: [www.cadanet.org](http://www.cadanet.org)

**AGENDA SPECIAL MEETING**

**THE CAPITOL AREA DEVELOPMENT  
 AUTHORITY AND  
 THE CAPITOL AREA COMMUNITY  
 DEVELOPMENT CORPORATION  
 BOARD OF DIRECTORS**

**FRIDAY, OCTOBER 2, 2020**

**10:00 A.M.**

**CADA ADMINISTRATIVE OFFICE  
 1522 14<sup>TH</sup> STREET  
 SACRAMENTO, CA 95814**

**In light of COVID-19 restrictions on public  
 gatherings, the Board and Members of the  
 Public are invited to participate via ZOOM.**

**To join via Zoom:**

**Go to:** <https://zoom.us> and click "Join a Meeting"

**To join by phone:** (669) 900-9128 (Pacific Coast)

**Find your local number:** <https://zoom.us/j/84065590528>

**Meeting ID:** 840 6559 0528

**Request Password (prior to start of meeting):**

[jazevedo@cadanet.org](mailto:jazevedo@cadanet.org)

- 1. Roll Call**
- 2. Approval of Board Meeting Minutes: September 18, 2020 [CADA]**
- 3. Chair's Oral Report**
- 4. Executive Director/President's Report**
- 5. [CACDC] APPROVAL OF THE AGREEMENT OF LIMITED PARTNERSHIP FOR THE 1717 S STREET AFFORDABLE HOUSING PROJECT**

*Recommended Action:* Adopt a resolution authorizing the CACDC President to execute the Amended and Restated Agreement of Limited Partnership (the "Amended LPA") for the 1717 S Street Affordable Housing Project. The staff further recommends that the CACDC Board authorize the CACDC President to execute all documents necessary to provide financing for completion of the 1717 S Street Project.

**Contacts:**

Renee Funston, Development Manager [CADA]

Todd Leon, Development Director [CADA]

Wendy Saunders, Executive Director [CADA], President [CACDC]

**6. [CADA/CACDC] 1717 S STREET – CACDC LOAN AND PROJECT FUNDING LOAN**

*Recommended Action:* Adopt resolutions authorizing the following:

- 1. [CADA]** Adopt a resolution authorizing the Executive Director to 1) retire a previous loan agreement, deed of trust and promissory note between CADA and CACDC; 2) execute a new

loan agreement and promissory note in the approximate amount of \$1,108,000, which equals the remaining balance on the retired loan plus a new line of credit in an amount not-to-exceed \$500,000; and 3) to authorize amendment of the Fiscal Year (FY) budget 20/21 budget to allocate funding for the new 1717 S Street development loan.

2. **[CACDC]** Adopt a resolution authorizing the President to 1) retire a previous loan agreement and promissory note between CADA and CACDC; 2) execute a new loan agreement and promissory note with CADA in the amount of \$1,108,000, and authorize the drawdown of funds from the new loan in an amount not-to-exceed \$500,000 to fund project construction expenses; and 3) execute a loan agreement and promissory note with the 1717 S Street Partnership, LP to loan an amount not to exceed \$500K to the 1717 S Street Partnership, LP.

Contacts:                      Todd Leon, Development Director [CADA]  
                                     Wendy Saunders, Executive Director [CADA], President [CACDC]

## **7. Opportunity for the Public to Address the Board Regarding Matters Not on the Agenda**

## **8. Adjournment**

**Approved for Transmittal:**



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**Wendy S. Saunders**  
**Executive Director [CADA]/President [CACDC]**

NOTE: THE BOARD MAY TAKE ACTION ON ANY MATTER LISTED ON THE AGENDA. ADDITIONALLY, THE BOARD MAY TAKE ACTION ON ANY MATTER NOT LISTED ON THE AGENDA TO THE EXTENT PERMITTED BY APPLICABLE LAW.

PURSUANT TO STATE AND FEDERAL LAW, IF YOU HAVE A REQUEST FOR A DISABILITY-RELATED MODIFICATION OR ACCOMMODATION IN ORDER TO ASSIST YOU IN PARTICIPATING IN THE MEETING, PLEASE CONTACT JILL AZEVEDO, ACTING BOARD SECRETARY AT (916) 322-2114 TO MAKE SUCH A REQUEST. IN ORDER TO ALLOW ADEQUATE TIME TO ACCOMMODATE ANY REQUESTS, CADA ASKS THAT THE REQUEST BE MADE AT LEAST 24 HOURS PRIOR TO THE MEETING.

**MINUTES  
OF  
REGULAR BOARD MEETING  
  
BOARD OF DIRECTORS  
CAPITOL AREA DEVELOPMENT AUTHORITY**

**SEPTEMBER 18, 2020**

**ITEM 1 – ROLL CALL**

Chair Bailey called the Board Meeting of the CADA Board of Directors to order at 10:03 a.m. at 1522 14<sup>th</sup> Street, Sacramento, CA 95814 and via public video conference.

Present: Avdis, Lagomarsino, Maviglio, Winston, Bailey  
Absent: None

**ITEM 2 – APPROVAL OF MINUTES: August 21, 2020**

Member Logomarsino moved approval of the August 21, 2020 CADA Board Meeting minutes. Member Winston seconded.

AYES: Avdis, Lagomarsino, Maviglio, Winston, Bailey  
NOES: None

**ITEM 3 – CHAIR’S ORAL REPORT**

Chair Bailey presented a Resolution to Member Steve Maviglio in recognition of his service to the CADA Board of Directors.

Chair Bailey referenced the Special Meeting of the Capitol Area Community Development Corporation (CACDC) to be held on Oct 2, 2020. As that body does not have committees similar to CADA, Chair Bailey stated that she would like to appoint an ad hoc committee. She suggested member Nick Avdis and Chair Bailey attend this meeting. The other members agreed.

**ITEM 4 - EXECUTIVE DIRECTOR’S ORAL REPORT**

Ms. Saunders reported the following: CADA is continuing with current COVID operating protocols, including staggering schedules at the office, conducting meetings remotely, and limiting accessibility to residents to email and phone. CADA is also utilizing a new drop box adjacent to the front door which allows Leasing staff to accept new resident applications without personal contact. The agency’s sixth month of rental revenues remain around 94%, with the exception of commercial tenants, most of which are not pay rent at this time. CADA continues to support those commercial tenants that have had to remain closed. Construction outside of Karma Brew is currently taking place for outdoor dining, which will hopefully help that business succeed. CADA closed on Site 21 on Wednesday, and are now the proud owners of the property. The 1717 Street project is making progress and will be discussed at the special meeting of the CACDC on Oct 2. The agency is also close to submitting our tax credit application for 1322 O Street.

The Midtown Business Association is four weeks into their Wednesday’s at Winn Farmer’s Market, which is doing well, especially with recent good air and weather, and has about 20 vendors.

The Downtown Sacramento Partnership met this week, and while Ms. Saunders was unable to attend, it was reported to her that they had a vigorous discussion about the Strong Mayor proposal and ended up voting in favor, though not unanimously. Ms. Saunders reminded that Board that there is a DSCR meeting set for October 2<sup>nd</sup> to consider approval of the final financial documents for 1717 S Street.

Ms. Saunders also reported that she will be moderating ULI Think Tank on Affordable Housing next Wednesday afternoon from 4:00 – 5:00pm, featuring two public-private partnership, one in San Diego, and one in North Sacramento, that provide workforce affordable housing.. The think tank will be held via virtual meeting and will include ULI chapters from both Cities, and provide a nice opportunity to join projects and colleagues from different communities. Ms. Saunders offered to send meeting links to interested Board members.

Member Lagomarsino recused himself at 10:17 am due to a conflict with Item 5.

**ITEM 5 — AUTHORIZATION TO AMEND CONTRACT WITH ARCHITECT FOR 1322 O STREET AFFORDABLE HOUSING PROJECT**

*Recommended Action:* Adopt resolution authorizing the Executive Director to amend the design contract with Williams + Paddon Architects for the 1322 O Street Affordable Housing Project.

Contacts: Renée Funston, Development Manager  
Tom Kigar, Special Projects Director  
Wendy S. Saunders, Executive Director

The Development & Construction committee recommended approval.

No Board comments.

No public comments.

Member Avdis moved approval of Resolution 20-27, attached hereto and incorporated herein. Member Winston seconded the motion.

AYES: Avdis, Maviglio, Winston, Bailey  
NOES: None

Member Lagomarsino rejoined the meeting at 10:19 am

**ITEM 6 — CADA 2020 TAX ALLOCATION BOND**

*Recommended Action:* Information Only.

Contact: Wendy Saunders, Executive Director  
Noelle Mussen, Finance Director

The Operations committee discussed this item and agreed it was a good course of action.

Don Fraser, CADA's financial consultant, and Ken Dieker, of Del Rio Advisors, were both present and discussed the tax increment and bond issuance information included in the staff report.

Member Winston stated that this is a great opportunity for CADA, and inquired about any factors DGS will consider when deciding whether to wrap up development in the R Street area. Wendy Saunders replied that she has conveyed information to them regarding the potential for the bond. Ms. Saunders said she has not gotten a firm answer, but Jim Martone, who has been on vacation, told her yesterday that DGS has new general counsel who wants the opportunity to review this information, but he indicated to Ms. Saunders that there shouldn't be a problem. Ms. Saunders said that when R Street Corridor was first adopted, the legislation said CADA could not spend money set aside for the Capitol Area in the R Street area without first getting permission from DGS. Ms. Saunders pointed out that DGS did grant CADA permission to do this with the 1717 S Street, so there is some precedent for them to allow the agency to do that. Ms. Saunders stated that CADA has so many prospective projects in both areas right now, most of them being affordable housing, so can see no reason for DGS to disagree and not give CADA permission again, and that she hopes this is just a formality. In the event DGS does not give CADA permission, she would enlist Chair Bailey and Member Avdis, as State appointees to the board, to intervene on CADA's behalf.

Member Avdis stated that the prospect of getting a tax allocation bond is very exciting, as well as the ability to use the funding for different resources, especially affordable housing.

Member Lagomarsino stated that he also feels this is a great opportunity and that the timing is right. He is looking forward to acting on this at the October meeting.

Chair Bailey asked Noelle Mussen, CADA's Finance Director, if she had any reservations. Ms. Mussen stated that she also feels it's a great time to move forward with a bond given current interest rates. Ms Mussen also stated that, when looking at CADA's current tax increment, if the worst case scenario came to pass, meaning no growth, this could result in CADA having to pull down from its fund balance, but even that amount would not be very high, and as Mr. Dieker pointed out, this scenario is not very likely. Ms. Mussen stated she thinks the bond is a good idea.

Chair Bailey stated that the Operations Committee met and agreed this options has been thought throuf very well and the Committee agreed it is a very exciting opportunity.

No public comments.

## **ITEM 7 – ORAL STAFF REPORTS**

A. **Downtown Sacramento Partnership:** Reported in Item 3

B. **Downtown Sacramento Revitalization Corporation:** Ms. Saunders reported that at their last meeting, the DSRC discussed investing in the commercial spaces on the 700 block of K Street and the historic rehabilitation of the Marshall Hotel. The DSRC was asked to provide some debt relief on the 700 block of K due to loss of rent, to which they agreed. The corporation also agreed to loan some money to the Marshall project developers. The DSRC is in a very poor position when compared to other lenders, but still discussed modifying loan terms to that project.

C. **Midtown Association:** Reported on in Item 3.

**Roosevelt Park (1619 9th Street):** Renee Funston reported that staff held tenant meetings to review the to review the preliminary design package, and are now working with our consultants to refine the design. Prominent features of the schematic design include a bulb-out at the corner of 10<sup>th</sup> & P, perforated metal panels depicting California flora, built in "lunch" counters, bistro tables and seating, improved landscaping, and bike racks.

**O Street Streetscape (7th – 17th Streets)** Renee Funston reported that staff are currently implementing proposed improvements outlined in the Envision O Street Concept Plan. Staff issued a Request for Bid for landscape architectural services on the 900 block. A key component is the conversion of all remaining turf into a climate-appropriate landscaping. As well as creating a major link in the pollinator pathway for habitat connectivity between the planted areas along the corridor. This project will also contribute to creating visual continuity. Additionally, staff are preparing a Request for Bid for urban design services for the public plaza on the 900 block of O Street.

D. **Other Neighborhood Improvements** – Ms. Funston reported that the City is in the process of reviewing draft Creative Crosswalks Policy and Criteria. Staff are in conversations with the City to refine this document. City adoption is anticipated this winter, so staff hope to see more creative crosswalks in 2021.

E. **The Vantage (Site 21 - Southwest Corner of 14th and N Streets)** Tom Kigar reported that CADA closed on the property on Wednesday and are in the process of planning for temporary parking lot on site, including asphalt, for better appearance. Staff is also taking time to work with PCA to better understand the market and are working with Earl Consulting to help reduce construction costs, and also working with the City Architect to process the plans through the City building department to keep them active and to stay qualified under 2016 building codes so we don't have to comply with 2020 code, which would require higher energy efficiency standards. Mr. Kigar stated that Dan Corfey of PCA acknowledged at the committee meeting

CADA's unique position to hold this property and not feel pressure to develop it. This gives CADA an opportunity to observe the market and wait for right moment to offer the project to developers. Mr. Kigar stated that staff will keep the Board informed of progress. Member Lagomarsino inquired whether the costs of temporarily changing the site to a parking lot were onerous and whether this conversion was viable. Mr. Kigar replied that staff felt the project was viable as they recently spoke with several asphalt contractors and have gotten the sense that such a project will not be very expensive.

F. **CADA Courtyard Site (1322 O Street):** See above

G. **R Street PBID** – Todd Leon reported that the PBID is concentrating on supporting businesses during COVID and being prepared for any impacts in regards to recent protests.

H. **R Street Affordable Housing (1717 S Street)** Mr. Leon reported that the staff are in the last two and half weeks before closing on Oct 7<sup>th</sup>, but have until Oct 13<sup>th</sup> to officially close on the project. Staff have done a lot of due diligence over the last 6-8 weeks, with increasing amount of documenting as we get closer to close. Mr. Leon said everything is looking good so far, and staff are working on a few outstanding issues between the seven different entities working on closing, but all is looking good. Mr. Leon reminded the Board of the project timeline: Closing on October 7<sup>th</sup>, with about a week before receiving a permit, then it will be around two to three weeks before work starts on site, with the first bit consisting of soil remediation for 2-3 month, followed by greening, then the actual work to build the project commencing in January/February 2021.

Member Lagomarsino requested information on Prop 15, and whether it might be salient to bond discussion. He also requested information about City Measure C as he'd like to understand any potential consequences to CADA should it pass.

#### **ITEM 8 – TRANSMITTALS**

Received as transmitted.

#### **ITEM 9 – OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD REGARDING MATTERS NOT ON THE AGENDA**

None.

#### **ITEM 10 – ADJOURNMENT**

The meeting adjourned at 10:54 am

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Jill Azevedo  
Acting Secretary to the Board of Directors

## RESOLUTION NO. 20 - 27

Adopted by the Capitol Area Development Authority

September 18, 2020

### **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO AMEND THE CONTRACT WITH WILLIAMS + PADDON ARCHITECTS FOR THE 1322 O STREET AFFORDABLE HOUSING PROJECT**

**WHEREAS**, CADA entered into a Consulting Agreement for Design Services with Williams + Paddon (W + P) to commence the first of five phases of design work at a cost of \$14,144; and

**WHEREAS**, on August 16, 2019, the Board authorized Amendment #1 of the contract with W + P to commence work on the Schematic Design Phase (Phase 2) and the Design Development Phase (Phase 3) at a cost of \$121,902; and

**WHEREAS**, on January 24, 2020 the Board authorized Amendment #2 of the contract to approve the Construction Documentation and Permit Processing Phase (Phase 4) at a cost of \$206,808, and the Bidding and Construction Administration (Phase 5) at a cost of \$84,391; and

**WHEREAS**, on March 20, 2020 the Board authorized Amendment #3 of the contract with W + P in the amount of \$70,000 to hire Holmes Structures for incorporation of renewable construction materials bringing the total W + P contract amount to \$497,245; and

**WHEREAS**, on July 7, 2020, W + P and the General Contractor, Tricorp Group completed in-depth value-engineering of the plans to save \$541,000 on hard construction costs; and

**WHEREAS**, on July 30, 2020, Staff submitted a competitive HCD Transit-Oriented Development Housing Program application for \$10 million, which awards points for encouraging higher densities, including performing a Lot Line Adjustment to increase the Project site to .26 acres; and

**WHEREAS**, on August 11, 2020, W + P submitted a cost proposal of \$78,260 for value-engineering and revising the Construction Documents based on increasing the Project site.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority Board of Directors that the Board authorizes the Executive Director to amend the contract with W + P in the amount of \$78,260 to cover the cost of W + P completing value-engineering for the Project and to authorize W + P to revise the plans to increase the Project site to .26 acres.

  
Ann Bailey, Chair

ATTEST:

\_\_\_\_\_  
Jill Bagley-Azevedo  
Acting Secretary to the Board of Directors



September 28, 2020

TO: Capitol Area Community Development Corporation (CACDC) Board of Directors

**SUBJECT: October 2, 2020 Board Meeting**  
**AGENDA ITEM 5**  
**APPROVAL OF THE AGREEMENT OF LIMITED PARTNERSHIP FOR THE**  
**1717 S STREET AFFORDABLE HOUSING PROJECT**

**CONTACT:** Todd Leon, Development Director (CADA)  
Renée Funston, Development Manager (CADA)  
Wendy Saunders, Executive Director (CADA), President (CACDC)

### **RECOMMENDED ACTION**

Staff recommends the CACDC Board of Directors authorize the President of the CACDC to execute the Amended and Restated Agreement of Limited Partnership (the "Amended LPA") for the 1717 S Street Affordable Housing Project. The staff further recommends that the CACDC Board authorize the CACDC President to execute all documents necessary to provide financing for completion of the 1717 S Street Project.

### **BACKGROUND**

On March 25, 2016, the CADA Board adopted a resolution approving a Purchase and Sale Agreement ("PSA") to acquire the half block of property located on the north side of S Street between 17th and 18th Streets, known as 1717 S Street (the "Property").

On January 20, 2017, CACDC and 1717 S Street Investors, LLC (owned by Cyrus Youssefi) formed the Partnership by execution of an Agreement of Limited Partnership ("Original LPA") to develop, construct, and operate a mixed-use residential project at 1717 S Street (the "Project"). The Project includes 159 affordable housing units, 11,376 square feet of commercial space, and 132 parking spaces.

On February 24, 2017 the CADA and CACDC Boards adopted resolutions authorizing the assignment of the PSA from CADA to the Partnership.

On March 10, 2017, CADA assigned the PSA to the Partnership, which immediately closed escrow on the Property.

On January 17, 2020, the Partnership submitted an application for both State and Federal Housing Tax Credits through the California Housing Finance Agency Mixed Income Housing Program.

On April 14, 2020, the California Tax Credit Allocation Committee (CTCAC) and California Debt Limit Allocation Committee (CDLAC) awarded the project State and Federal tax credits.



On August 21, 2020, the Board adopted a resolution authorizing the Executive Director to amend loan documents between CADA and the Partnership to increase the loan amount from \$3,000,000 to an amount not to exceed \$3,300,000 to provide the remaining project gap financing.

## **ANALYSIS**

### **1717 S Street Investors, LP Amended and Restated Agreement of Limited Partnership**

#### ***Overview of the Agreement***

The Amended LPA defines how the Partnership will make business decisions, and is included as **Attachment 1**. At the time that the Board approved creating the original LPA, it was anticipated that staff would return to the Board in order to approve an Amended LPA once tax credit financing was secured for the Project so that the tax credit investors could enter the partnership to provide the financing. There are three limited partners entering into the Partnership while the CACDC and 1717 S Street Investors, LLC are the Partnership's general partners. Limited partnership structures have at least one general partner, and limited partners in the partnership are protected from liability for debts of the partnership. In return for having limited liability, the limited partners give up management power to the general partners who run the business of the partnership. General partners remain liable for the undertakings of the partnership and are rewarded financially for the liability and management burden. In the case of affordable housing projects, the general partners are liable for completion of projects in accordance with approvals, and operation of projects in accordance with restrictive covenants that govern affordability. Financial rewards to the general partners include both developer fees and management fees.

Major sections in the Amended LPA include delineation of rights and responsibilities, allocation of profits or losses, exercise of management, accounting and general record keeping, conflict resolution, ownership structure alteration, and Partnership dissolution and termination of business. As specified in the Amended LPA, "The specific business and purpose of the Partnership is investment in real property and the provision of low income housing consistent with the charitable purposes of the Managing General Partner."

#### ***Partners and Roles***

**Attachment 2** is the Post Close Organizational Chart, which shows the partners that comprise 1717 S Street Investors, LP. Of immediate significance to CACDC are the Administrative General Partner (1717 S Street Investors, LLC, Cyrus Youssefi) and the Managing General Partner (CACDC).

Limited Partnership:	1717 S St Investors, LP
Administrative General Partner:	1717 S Street Investors, LLC, Cyrus Youssefi Manager
Managing General Partner:	CACDC

#### ***CACDC Responsibilities***

CACDC, in its role as the Managing General Partner, will manage and control the affairs of the Partnership to the best of its ability, use best efforts to carry out the purpose of the Partnership, and devote such time as is necessary to the affairs of the Partnership. In short, the CACDC will have the day-to-day responsibility for managing and operating the Project, and ensuring the management duties of the Partnership are carried out.

Further, CACDC has a unique role in the Partnership because of its Section 501(c)(3) tax-exempt status. Pursuant to Revenue & Taxation Code Section 214(g), the Partnership is eligible for California property tax exemption because the qualified low-income housing project is owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation. The LPA provides that CACDC, in its role as the Managing General Partner, will apply for, obtain, and maintain the property tax welfare exemption for the Project.

## Financing Sources and Uses

Tables 1 and 2 below outline the financing sources and uses. Please note that these amounts are subject to change as negotiations with the lenders and investors have not yet concluded, and that the attached resolution does not contain final numbers. The final resolution will be presented for approval at the Board meeting. Given the complexity of the financing and the number of participants, there are numerous agreements related to the financing. A list of the primary financing documents is included as **Attachment 3**.

<b>Table 1 – Financing Sources</b>	
Federal Tax Credits – Alliant Credit Facility II	\$ 22,851,231
State Tax Credits – Affordable Housing Fund II	\$ 7,528,517
Permanent Financing Loan – Freddie Mac	\$ 23,800,000
CalHFA Mixed Income Program (MIP) Gap Loan	\$ 7,900,000
CADA Gap Loan	\$ 3,300,000
Deferred Developer Fee	\$ 3,804,984
<b>Total</b>	<b>\$69,184,732</b>

<b>Table 2 – Development Uses</b>	
Land Cost	\$ 3,793,116
Design and Testing	\$ 1,400,000
Hard Construction Cost	\$ 48,872,253
Construction Contingency	\$ 2,107,558
Interest and Fees	\$ 2,415,600
Financing Fees	\$ 1,153,874
Developer Fee	\$ 6,400,000
Permits, Studies, Misc Fees	\$ 3,042,331
<b>Total</b>	<b>\$69,184,732</b>

A construction loan in the amount of approximately \$54.5 million will be provided by KeyBank. The Federal and State tax credit investors contribute 10% of their respective investments at close of construction financing and 85% of their investments at conversion to permanent financing. CalHFA's loan is also contributed at that time. The tax credit investors contribute the final 5% of their investment when the project is "stabilized" at 90% occupancy. The remaining amount of the construction loan, approximately \$23 million, will be replaced with permanent financing provided by Freddie Mac.

## Construction Schedule

Table 3 below provides an outline of the construction schedule, which is planned to commence in October 2020 and last 28 months through early 2023.

<b>Table 3 – Construction Schedule</b>										
	2020	2021				2022				2023
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Soil mitigation										
Mechanical, electrical & plumbing										
Foundation										
Framing										
Drywall										
Finishes										

### **FINANCIAL IMPACT**

When the project financing closes, the Partnership expects to capitalize the land purchase and remediation costs of the project, which will result in each partner, including the CACDC, receiving a cost reimbursement payment from the financing sources. The partnership will also receive reimbursement for a portion of its predevelopment costs. CACDC will use returned funds to repay its predevelopment loan with CADA. Any remaining loan balance on the predevelopment loan is expected to be repaid at project completion and conversion of construction financing to permanent financing. CACDC will also receive its portion of the non-deferred project development fee at that time (the non-deferred portion is approximately \$2.5 million, and CACDC is entitled to half). A promissory note will be issued for the remaining predevelopment costs due to the CACDC to ensure those funds are repaid. At this time, it is anticipated that CADA will receive a reimbursement of approximately \$2.2 million of the \$2.8 million it has loaned to the CACDC for the Project at the close of construction financing, and the balance at conversion to permanent financing. Modification of the loan will be addressed in a separate report to CADA and CACDC.

CACDC expects to receive the Deferred Developer Fee (approximately \$3.8 million, shared between the two general partners) over the first 12 years of operation of the Project. The deferred developer fee must be paid in full no later than year 15 of operations. Following payment of the deferred developer fee, payments to the “soft” lenders – CalHFA (\$7.9 million) and CADA (\$3.3 million) will commence. The two soft lenders will receive payments on a pari passu, or proportionate, basis.

#### **Attachments:**

1. 1717 S Street Investors, LP Amended and Restated Agreement of Limited Partnership
2. Post Close Organizational Chart
3. List of Primary Financing Documents

AMENDED AND RESTATED  
AGREEMENT OF LIMITED PARTNERSHIP  
OF

**1717 S STREET INVESTORS, LP**

By and Among

**1717 S STREET INVESTORS, LLC,**  
a California limited liability company,  
as the Administrative General Partner

and

**CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION,**  
a California nonprofit public benefit corporation,  
as the Managing General Partner

and

**AFFORDABLE HOUSING FUND II LLC,**  
a Missouri limited liability company,  
as the State Housing Limited Partner

and

**ALLIANT CREDIT FACILITY ALP II, LLC,**  
a Florida limited liability company,  
as the Administrative Limited Partner

and

**ALLIANT CREDIT FACILITY II, LLC,**  
a Florida limited company,  
as the Investor Limited Partner

Dated as of October [\_\_\_], 2020

## **1717 S STREET INVESTORS, LP**

### **AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP**

This AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (the "Agreement") of 1717 S Street Investors, LP, a California limited partnership (the "Partnership"), dated as of October [\_\_\_], 2020, is by and among the parties set forth on the cover page of this Agreement.

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

WHEREAS, the Partnership was formed as a limited partnership under the laws of the State of California pursuant to the Original Agreement and the Original Certificate; and

WHEREAS, (i) the Administrative General Partner and Managing General Partner have agreed to terminate their limited partner interests in the Partnership, and withdraw as Limited Partners from the Partnership, (ii) the Investor Limited Partner, in exchange for the Investor Limited Partner Contribution, is to be admitted into the Partnership, (iii) the Administrative Limited Partner, in exchange for its Capital Contribution, is to be admitted into the Partnership as the Administrative Limited Partner, and (iv) the State Housing Limited Partner, in exchange for the State Housing Limited Partner Contribution, is to be admitted into the Partnership as the State Housing Limited Partner, all as of the Closing; and

WHEREAS, the parties hereto desire to enter into this Agreement to provide for, among other things, (i) the continuation of the Partnership, (ii) the admission of the Investor Limited Partner, the Administrative Limited Partner and the State Housing Limited Partner into the Partnership, (iii) the withdrawal of the Administrative General Partner and Managing General Partner as Limited Partners from the Partnership, (iv) the payment of the Investor Limited Partner Contribution by the Investor Limited Partner to the Partnership, the payment of a Capital Contribution by the Administrative Limited Partner to the Partnership and the payment of the State Housing Limited Partner Contribution by the State Housing Limited Partner, (v) the reallocation of Profits, Losses, credits and distributions of Cash Flow and other proceeds of the Partnership among the Partners, (vi) the respective rights, obligations and interests of the Partners to each other and to the Partnership, (vii) the amendment and restatement of all of the provisions governing the Partnership, and (viii) certain other matters.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties hereto agree that the Original Agreement is hereby amended and restated in its entirety to read as follows:

#### **ARTICLE 1**

##### **DEFINED TERMS**

Capitalized terms used in this Agreement shall, unless the context otherwise requires, have the meanings specified in this Article 1. Certain additional defined terms may be set forth elsewhere in this Agreement. Each definition or pronoun herein shall be deemed to refer to the singular, plural, masculine, feminine or neuter as the context requires. Words such as "herein," "hereinafter," "hereof," "hereto" and "hereunder," when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires.

**“Accountants”** means the firm so identified in the Schedule, or such other firm or firms of independent certified public accountants as may be selected by the General Partners with the Consent of the Administrative Limited Partner, which shall not be unreasonably withheld.

**“Actual Federal Housing Credits”** means, as of any point in time, 99.98% of the total amount of the Federal Housing Credits reported and claimed by the Partnership as a whole on its federal information and income tax returns, as amended if applicable, and not disallowed by any Final Determination of the applicable taxing authority, which 99.98% shall be allocated and actually available to the Investor Limited Partner and the Administrative Limited Partner.

**“Actual Housing Credits”** means collectively, the Actual Federal Housing Credits and the Actual State Housing Credits.

**“Actual State Housing Credits”** means, as of any point in time, 100% of the total amount of the State Housing Credits reported and claimed by the Partnership as a whole on its state information and income tax returns, as amended if applicable, and not disallowed by any Final Determination of the applicable taxing authority, which 100% shall be allocated and actually available to the State Housing Limited Partner.

**“Adjusted Capital Account Deficit”** means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(i) Crediting to such Capital Account all amounts which such Partner is obligated to restore or is deemed to be obligated to restore pursuant to Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations; and

(ii) Debiting from such Capital Account the items described in paragraphs (4), (5) and (6) of Section 1.704-1(b)(2)(ii)(d) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

**“Adjustment Year”** means the Partnership taxable year in which (i) in the case of an adjustment pursuant to the decision of a court in a proceeding brought under Code Section 6234, such decision becomes final, (ii) in the case of an administrative adjustment request under Code Section 6227, such request is made, or (iii) in any other case, a notice of final Partnership Adjustment is mailed under Code Section 6231 or, if the Partnership waives the restrictions under Code Section 6232(b) (regarding limitations on assessment), the date the waiver is executed by the IRS.

**“Adjustment Year Partner”** means any Person who held an interest in the Partnership at any time during an Adjustment Year.

**“Administrative Limited Partner”** means Alliant Credit Facility ALP II, LLC, a Florida limited liability company, and its successors and assigns.

**“Affiliate”** of a specified Person means (i) any Person directly or indirectly Controlling, Controlled by or under common Control with the Person specified, (ii) any Person owning or Controlling ten percent (10%) or more of the outstanding voting securities or beneficial interests

of the Person specified, (iii) any officer, director, member, partner, trustee or member of the immediate family of the Person specified, (iv) if the Person specified is an officer, director, managing member, general partner or trustee, any corporation, partnership or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, general partner, managing member, trustee or holder of ten percent (10%) or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv).

**“AGP Partnership Management Fee”** means the annual fee payable by the Partnership to the Administrative General Partner pursuant to Section 14.4 hereof.

**“Agreement”** means this Amended and Restated Agreement of Limited Partnership, as it may be amended from time to time.

**“Alliant Limited Partners”** means the Investor Limited Partner and the Administrative Limited Partner.

**“Annual Claim Form”** means, collectively, the claim forms required to be submitted annually to the County Assessor by which the Managing General Partner certifies that the use of the Apartment Complex meets all of the requirements to qualify for the Welfare Tax Exemption under Rule 140 of the BOE Regulations, which forms, at the current time, include, but may not be limited to, Forms (i) BOE-267-A, (ii) BOE-267-L and (iii) BOE-267-L1.

**“Apartment Complex”** means, collectively, the Land, the Improvements and the Personality.

**“Architect”** means the firm so identified in the Schedule as the architect for the Apartment Complex, and its permitted successors and assigns.

**“Asset Value”** means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

(i) The initial Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset at the time of the contribution, as determined by the contributing Partner and the Partnership;

(ii) The Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as determined by the Administrative General Partner, with the Consent of the Administrative Limited Partner, as of the following times: (a) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; and (b) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership property as consideration for an interest in the Partnership; provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the Administrative General Partner reasonably determines, with the Consent of the Administrative Limited Partner, that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(iii) The Asset Value of any Partnership asset distributed to any Partner shall be the gross fair market value of such asset on the date of distribution; and

(iv) The Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Section 734(b) or 743(b) of the

Code, but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations and Section 9.1D(vii) hereof; provided, however, that Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent the Administrative General Partners determine, with the Consent of the Administrative Limited Partner, that an adjustment pursuant to subparagraph (ii) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Asset Value of any asset has been determined or adjusted pursuant to subparagraphs (i), (ii), or (iv) hereof, such Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

**“Assignment”** means a valid sale, exchange, transfer or other disposition of all or any portion of an Interest made in accordance with the terms of this Agreement.

**“Assignor”** means a Partner who makes an Assignment and **“Assignee”** means a Person who receives an Assignment.

**“Average Income Set-Aside Test”** means the Minimum Set-Aside Test whereby 40% of the units in the Apartment Complex will be occupied by households with incomes between 30% of area median income and 80% of area median income, both as adjusted for family size, such that the average of the imputed income limitations designated for each unit shall not exceed 60% of area median gross income. The Average Income Set-Aside Test requires a 60% average for the imputed income limitations for Tax Credit Apartment Units. The Partnership will target a 60% average for the Tax Credit Apartment Units.

**“Bankruptcy”** or **“Bankrupt”** means, with respect to any specified Person: (i) the making of an assignment for the benefit of creditors; (ii) the entry of a decree or order for relief by a court having jurisdiction with respect to such Person in an involuntary case under any Bankruptcy Law; (iii) the filing of a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Bankruptcy Law; (iv) the filing of an answer or other pleading admitting, or failing to contest, the material allegations of a petition filed against such Person in any proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Bankruptcy Law; (v) the seeking, consent or agreement to, or acquiescence in the appointment of or taking possession by a trustee, receiver, liquidator, custodian, sequestrator (or similar official) of such Person or for all or any substantial part of his or her property; (vi) the continuation of any proceeding against any such Person described in subparagraph (v) above for a period of sixty (60) days after the commencement thereof, or the appointment described in subparagraph (v) above without such Person’s consent, agreement or acquiescence, which appointment is not vacated or stayed within sixty (60) days after such appointment or taking possession or, if stayed, the appointment is not vacated within sixty (60) days after the expiration of the stay; (vii) the admission in writing by such Person of an inability to pay its debts as they become due, or the giving of written notice by such Person to any governmental authority or any Lender of the suspension of operations; or (viii) the taking of any corporate or legal action by such Person in furtherance of any of the foregoing.

**“Bankruptcy Code”** means the United States Bankruptcy Code, as now or hereinafter constituted.



**“Bankruptcy Law”** means the federal bankruptcy laws (including, without limitation, the Bankruptcy Code), as now or hereinafter constituted, and/or any other applicable federal or state bankruptcy, insolvency or similar law.

**“BOE”** means the California Board of Equalization.

**“BOE Forms”** means the forms prescribed by the BOE, as amended and supplemented from time to time.

**“BOE Regulations”** means the Regulations of the BOE, as amended and supplemented from time to time.

**“Break-Even”** shall be deemed to have occurred in any month, subsequent to the month in which Completion occurs, for which the Accountants have determined in accordance with the requirements of this Agreement that the Cash Receipts of the Partnership equal or exceed all Expenditures of the Partnership, which determination shall be subject to the Consent of the Administrative Limited Partner.

**“CADA Lender”** means the Capitol Area Development Authority.

**“CADA Loan”** means the loan in the anticipated principal amount set forth in the Schedule, to be made to the Partnership by the CADA Lender.

**“CADA Loan Documents”** means the CADA Loan Agreement, the CADA Mortgage, and all other agreements, instruments and other documents which evidence, govern and secure the CADA Loan, as the same may be amended from time to time.

**“CADA Mortgage”** means the Mortgage to be made by the Partnership at the Closing for the benefit of the CADA Lender, securing the CADA Loan.

**“CalHFA Lender”** means the California Housing Finance Agency.

**“CalHFA Loan”** means the loan in the anticipated principal amount set forth in the Schedule, to be made to the Partnership by the CalHFA Lender.

**“CalHFA Loan Documents”** means the CalHFA Loan Agreement, the CalHFA Mortgage, and all other agreements, instruments and other documents which evidence, govern and secure the CalHFA Loan, as the same may be amended from time to time.

**“CalHFA Mortgage”** means the Mortgage to be made by the Partnership at the Closing for the benefit of the CalHFA Lender, securing the CalHFA Loan.

**“Capital Account”** means, with respect to any Partner, the Capital Account maintained for such Partner in accordance with the following provisions:

(i) To each Partner’s Capital Account there shall be credited such Partner’s Capital Contributions, such Partner’s distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Sections 9.1D, 9.1E, 9.1F, 9.1G and 9.1J hereof (and, in the case of such Section 9.1G, required to be reflected in such Partner’s Capital Account pursuant to Section 1.704-1(b) of the Regulations), and the amount of all Partnership liabilities assumed by such Partner or which are secured by any property distributed to such Partner;

(ii) To each Partner's Capital Account there shall be debited the amount of cash and the Asset Value of any property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Sections 9.1D, 9.1E, 9.1F, 9.1G or 9.1J hereof (and, in the case of such Section 9.1G, required to be reflected in such Partner's Capital Account pursuant to Section 1.704-1(b) of the Regulations), and the amount of all liabilities of such Partner assumed by the Partnership or which are secured by any property contributed by such Partner to the Partnership;

(iii) In the event all or a portion of an Interest in the Partnership is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest; and

(iv) In determining the amount of any liability for purposes of subparagraphs (i) and (ii) hereof, there shall be taken into account Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provision and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Sections 1.704-1(b) and 1.704-2 of the Regulations, and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partners shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership or Partners) are computed in order to comply with such Regulations, the General Partners may make such modifications, provided that the Administrative Limited Partner shall Consent thereto (such Consent not to be unreasonably withheld) and it is not likely to have a material effect on the amounts distributable to any Partner pursuant to Sections 9.2 or 12.4 hereof upon the dissolution of the Partnership. The Administrative General Partner also shall, to the extent permitted by Section 1.704-1(b)(2)(iv)(q) of the Regulations and with the Consent of the Administrative Limited Partner, not to be unreasonably withheld, and with notice to the State Housing Limited Partner, (i) make all adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners on the one hand and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, on the other hand, and (ii) make all appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Section 1.704-1(b) of the Regulations.

**"Capital Contribution"** means the total amount of cash contributed to the Partnership by each Partner. Any reference in this Agreement to the Capital Contribution of a party which is a Partner shall include the contributions to the capital of the Partnership made by any predecessor in interest of such Partner.

**"Cash Flow"** means the excess of Cash Receipts over Expenditures. Cash Flow shall be determined separately for each Fiscal Year or portion thereof. For purposes of distributions of Cash Flow under Section 9.2A hereof, the calculation of Cash Flow shall include those Cash Receipts which are specifically excluded in the last sentence of the definition of Cash Receipts for the purpose of determining whether Break-Even or Rental Achievement has occurred, and the applicable Debt Service Coverage Ratio at any time.

**"Cash Receipts"** means all cash receipts of the Partnership from whatever source derived, including, without limitation, all rents (at the required low-income rates as provided in

Section 42 of the Code and the Project Documents), cash from business or rental interruption insurance recoveries and other cash revenues of a recurring nature from normal operation of the Apartment Complex, including, without limitation, laundry machine revenue or similar amounts paid by tenants for goods or services, any amounts actually received in a month for which cash receipts are being calculated from housing assistance payments under the United States Housing Act of 1937 or equivalent government subsidy program, and the net reduction in any year in the amount of any escrow account or reserve maintained by or for the Partnership. Notwithstanding the foregoing, "Cash Receipts" shall exclude Capital Contributions, tenant security deposits (until forfeited), prepaid rent (until the month to which such prepaid rent relates), the proceeds of loans obtained by or for the benefit of the Partnership (including, without limitation, Operating Loans and Voluntary Loans), insurance recoveries other than for business and rental interruption insurance and Sale or Refinancing Transaction Proceeds. With respect to tenants who have been granted rent concessions, rebates and other rental incentives, rental receipts shall be adjusted to reflect the average monthly rent over the term of such tenant's lease, with the concessions, rebates and other incentives being spread ratably over the term of the lease. For purposes hereof, Cash Receipts shall be calculated on the cash basis of accounting. Notwithstanding the foregoing, Cash Receipts received within thirty (30) days prior to the close of a Fiscal Year and intended for use in meeting the Partnership's obligations (including the cost of acquiring assets or paying debts or expenses) in the subsequent Fiscal Year may, in the discretion of the Administrative Limited Partner, be deemed to be received in such subsequent Fiscal Year. For purposes of determining whether Break-Even or Rental Achievement has occurred, and the applicable Debt Service Coverage Ratio at any time, Cash Receipts shall not exceed the amount of Cash Receipts that could have been achieved with a 5% vacancy rate and shall specifically exclude non-recurring or unpredictable sources of income such as late fees, penalties, turnover deposits, interest income on security deposits, tenant application fees, interest or other income earned on investment of Partnership funds, and rents paid by (a) any commercial space tenant whose then remaining lease is less than thirty-six (36) months, (b) any tenant in a Tax Credit Apartment Unit who does not qualify as low income under the requirements of Section 42 of the Code and the Project Documents, and (c) any tenant in an apartment unit which is not a Tax Credit Apartment Unit to the extent such rent is in excess of the lesser of the actual rent paid or the maximum rent which would apply if such unit were a Tax Credit Apartment Unit.

**"Certificate"** means the Original Certificate or any other instrument filed in the Filing Office as the Certificate of Limited Partnership of the Partnership in accordance with the Uniform Act, as amended from time to time.

**"Class"** means a specific class or grouping of Partners (i.e., the General Partners, the State Housing Limited Partner, the Investor Limited Partner, or the Administrative Limited Partner).

**"Closing," "Closing Documents," and "Closing Date"** have the meanings set forth in Section 3.9 hereof.

**"Code"** means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

**"Commercial Space"** means the approximately 11,000 square feet of commercial space located at the Apartment Complex.

**"Completion"** means the later of the date when (i) lien-free completion of 100% of the Construction pursuant to all federal, state and local law requirements and the approved Plans and

Specifications in a good and workmanlike manner without any known defects in materials or workmanship, whether latent or otherwise, has taken place and the Architect has delivered the Completion Certificate to the Administrative Limited Partner, (ii) delivery and installation in the Apartment Complex of all necessary and appropriate fixtures, equipment and personal property, including, without limitation, installation of all required appliances in the residential units in the Apartment Complex has occurred, (iii) for any building which is not located in "Zone 3, Low Potential" (less than 2.0 pC/l), of the U.S. Environmental Protection Agency (the "EPA") Map of Radon Zones for the State, each building has evidenced a radon level not in excess of the EPA's recommended actionable level of 4.0 pC/l, as certified by an environmental consultant (approved by the Administrative Limited Partner) in compliance with recommended protocols for radon testing published by the EPA, and if initial testing of any building evidenced a radon level in excess of the EPA's recommended actionable level of 4.0 pC/l, the General Partners have implemented a radon mitigation system meeting the EPA's guidelines for radon prevention and/or mitigation as approved by the Administrative Limited Partner, in its reasonable discretion, (iv) final, unconditional certificates of occupancy for all of the units in the Apartment Complex from any local government body or agency having jurisdiction have been obtained sufficient to permit lawful occupancy of such units with only minor "punch list" type items remaining to be completed (as reasonably approved by the Administrative Limited Partner), (v) "placement in service" within the meaning of Section 42 of the Code of all of the units in the Apartment Complex has occurred, and (vi) payment of all amounts owing to the Contractor and to any other party which provided design or construction services to the Partnership, and payment of all other amounts necessary to achieve Completion, or provision for the payment of such costs in a manner satisfactory to the Administrative Limited Partner, has been made. For purposes hereof, "lien-free completion" shall be deemed to have occurred notwithstanding the pendency of any lien claims, so long as such claims are bonded or insured over in a manner reasonably satisfactory to the Administrative Limited Partner by a bonding company or the issuer of the Title Policy.

**"Completion Certificate"** means the certificate attached hereto as Exhibit C.

**"Completion Date"** means the date designated as such set forth in the Schedule.

**"Compliance Period"** has the meaning provided in Section 42(i)(1) of the Code.

**"Consent"** of a specified Partner means the prior written consent or approval of such Partner given in response to a written request that is delivered to such Partner in accordance with Section 16.4 hereof. Unless otherwise expressly provided, each Partner will consider any request for Consent in good faith and no Partner shall unreasonably withhold, condition, or delay Consent.

**"Construction"** means the construction or the rehabilitation of the Improvements, as shown on the Schedule under the description of Improvements.

**"Construction Agreements"** means, collectively, the Construction Budget, the Plans and Specifications, and the construction agreements for the Construction between the Partnership and the Contractor, as they may be amended from time to time, a true, complete and current list of which agreements is identified in the Schedule.

**"Construction Budget"** has the meaning set forth in Section 6.5E hereof.

**"Construction Lender"** means KeyBank National Association, a national banking association.

**“Construction Loan”** means the short-term loan in the anticipated principal amount set forth in the Schedule, to be made to the Partnership by the Construction Lender.

**“Construction Loan Documents”** means the Construction Loan Agreement, the Construction Mortgage, and all other agreements, instruments and other documents which evidence, govern and secure the Construction Loan, as the same may be amended from time to time.

**“Construction Mortgage”** means the Mortgage to be made by the Partnership at the Closing for the benefit of the Construction Lender, securing the Construction Loan.

**“Contractor”** means the licensed general contractor for the Apartment Complex identified in the Schedule, and its permitted successors and assigns.

**“Control”** (including the term “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

**“Cost Certification”** means the written certification of the Accountants, in form and substance satisfactory to the Credit Agency, the State Housing Limited Partner and the Investor Limited Partner, as to the itemized amounts of the construction and development costs of the Apartment Complex and the “eligible basis” and “applicable percentage” (as defined in Section 42 of the Code) pertaining to each building in the Apartment Complex, together with true, correct and complete copies of all receipts, invoices and other documentation supporting the determination of “eligible basis” of the Apartment Complex, and evidence of submission thereof to the Credit Agency and including, a calculation of the Fifty Percent Test.

**“CPI Adjustment”** means the ratio of (a) the Consumer Price Index most recently published prior to the specified date the CPI Adjustment is to be determined, divided by (b) the Consumer Price Index most recently published prior to the Closing Date. “Consumer Price Index” means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.

**“Credit Agency”** means (i) any applicable housing finance authority or other agency authorized to issue bonds or other evidence of indebtedness to finance residential housing development, and (ii) the housing credit agency (as defined in Section 42(h)(8)(A) of the Code) of the State having jurisdiction over the Apartment Complex. To the extent applicable, Credit Agency shall also mean HUD or any other governmental body or agency having jurisdiction over the operations of the Apartment Complex.

**“Credit Determination”** means the Federal Housing Credits determined to be available to the Partnership under Section 42(h)(4)(B) of the Code in the amount set forth in the Schedule, pursuant to (i) the reservation of tax exempt obligations to be issued by the issuer of the Tax-Exempt Note in accordance with Section 142(d) of the Code, (ii) the determination by the Credit Agency that the Apartment Complex satisfies the requirements of the Credit Agency’s qualified allocation plan, pursuant to Section 42(m)(1)(D) of the Code, and (iii) the determination by the issuer of the Tax-Exempt Note in accordance with Section 42(m)(2)(D) of the Code.

**“Credit Period”** means, with respect to Federal Housing Credits attributable to a building, the period of ten (10) taxable years beginning with the taxable year in which such building is placed in service or, at the election of the Administrative General Partner with the Consent of the Administrative Limited Partner, the succeeding taxable year, provided that such building is eligible for Federal Housing Credits as of the close of the first year of such period.

**“Credit Year”** means the year for which the Credit Agency issued the Credit Determination, as identified in the Schedule.

**“CTCAC Form 3521A”** means [\_\_\_\_\_].

**“Debt Service Coverage Ratio”** means, for any month, the ratio of operating Cash Flow to must-pay debt service, as determined by the Accountants for the Apartment Complex in accordance with the requirements of this Agreement, subject to the Consent of the Administrative Limited Partner. For purposes of this definition, operating Cash Flow for any month shall be equal to the sum of the excess of (i) Cash Receipts over (ii) all Expenditures of the Partnership (including required reserve deposits) other than required principal and interest payments on the Mortgage Loans and amounts payable from Capital Contributions and Cash Flow. For purposes of determining operating Cash Flow, the Expenditures of the Partnership described in clause (ii) of the preceding sentence shall be determined by taking the sum of all of the Partnership’s actual Expenditures for the current and all prior months of the Fiscal Year and all anticipated Expenditures for the remainder of the Fiscal Year and allocating the sum of such actual or anticipated Expenditures ratably over the twelve months of the Fiscal Year. Debt service for any month shall be equal to the sum of the payments of principal and interest required to be made under the Mortgage Loans, other than payments to be made from Capital Contributions and Cash Flow.

**“Deferred Development Fee”** means any portion of the Development Fee (with no interest thereon) which is not paid from the proceeds of the Investor Limited Partner Contribution, the State Housing Limited Partner Contribution and/or the Mortgage Loans.

**“Depreciation”** means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such year or other period, except that if the Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Asset Value using any reasonable method selected by the Administrative General Partner, with the Consent of the Administrative Limited Partner.

**“Developer”** means CFY Development, Inc., a California corporation.

**“Development Deficits”** means all funds in excess of (a) the proceeds of the Mortgage Loans, (b) Cash Receipts of the Apartment Complex realized prior to commencement of the Permanent Financing Phase, and (c) that portion or portions of the Investor Limited Partner Contribution and State Housing Limited Partner Contribution payable at or prior to commencement of the Permanent Financing Phase which are required to (i) acquire the Land and the Improvements, to the extent the Improvements exist at the time of acquisition; (ii) achieve

Completion of Construction, including paying all amounts due under and pursuant to the Construction Agreements, and any construction cost overruns and the cost of any change orders which have been approved by the Lender and which are not funded from proceeds of the Mortgage Loans and/or Capital Contributions, but not including any portion of the unpaid Development Fee which may be deferred pursuant to the Development Services Agreement; (iii) achieve closing of the Mortgage Loans and commencement of the Permanent Financing Phase, and satisfy any closing, escrow deposit and reserve requirements which are conditions to commencement of the Permanent Financing Phase, and pay any other amounts which are required pursuant to the Mortgage Loans and this Agreement; (iv) pay any Expenditures of the Partnership prior to Rental Achievement; and (v) fund each and every one of the reserve accounts in compliance with the requirements of Article 4.

**“Development Fee”** means the fee to be paid by the Partnership pursuant to the Development Services Agreement.

**“Development Services Agreement”** means the agreement so described in the Schedule.

**“Draw Requests”** means each request for disbursement made by the Partnership for Mortgage Loan proceeds, which shall be based on a percentage of construction completed and supported by AIA forms G702 and G703 or their equivalent and which shall include all appropriate backup documentation accompanying such request, including, at a minimum, invoices and evidence of payment supporting all soft costs, interim mechanics’ lien waivers, contractors’ and owners’ sworn statements, certifications as to the stage of completion from the Architect, the General Partners, the construction consultant selected by the Limited Partners (if any), and the Lender’s construction consultant (if any) and evidence that the development of the Apartment Complex is proceeding in accordance with the Construction Budget approved therefor by the Administrative Limited Partner.

**“Due Diligence Documents”** means the documents provided to the Limited Partners (including the State Housing Limited Partner) in connection with their review of the transaction reflected herein.

**“Economic Risk of Loss”** has the meaning set forth in Section 1.752-2 of the Regulations.

**“Effective Gross Income”** means the gross income from the operation of the Apartment Complex received on a cash basis (including all public subsidy payments due and payable at such time but not yet received by the Partnership) from whatever source, but excluding (i) tenant security deposits until applied to tenant obligations, (ii) Capital Contributions and Mortgage Loan proceeds, (iii) interest on reserves not available for distribution, and (iv) the proceeds of insurance policies, except rental interruption insurance.

**“Environmental Law”** means any federal, state or local law, code, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, writ, judicial decision, common law rule, decree, agency interpretation, injunction or other authorization or requirement however promulgated, issued or modified, relating to industrial hygiene or to the environmental conditions, including, but not limited to, soil and groundwater conditions. For purposes hereof, “Environmental Laws” shall include, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”), 42 U.S.C. Section 9601 et seq.; the Hazardous Materials Transportation Act, as amended, 39 U.S.C.

Section 1801 et al; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq.; or any similar applicable federal, state or local law now or hereinafter existing; or in any regulation adopted or publication promulgated pursuant to any said law.

**“Expenditures”** means all disbursements of cash incidental to the operation of the Partnership and the ownership and operation of the Apartment Complex, determined on an accrual basis during the Fiscal Year, including, without limitation, real estate taxes in an amount which reflects the full assessment of the Apartment Complex following Completion, insurance premiums, operating expenses, debt service of the Partnership’s indebtedness (excluding indebtedness payable from Cash Flow and repayments of Voluntary Loans and Operating Loans), mortgage and bond insurance premiums (if any), the cost of repair, replacement and restoration of the Apartment Complex to the extent not paid from insurance proceeds, amounts allocated to reserves by the General Partners with the Consent of the Administrative Limited Partner or as required by any Lender or any Credit Agency or this Agreement, reserves for all taxes or payments in lieu of taxes, capital expenditures to the extent not covered by insurance proceeds or releases from reserves, compliance monitoring fees charged by the Credit Agency or any other governmental agency relating to allocation of the Housing Credits and the payment of the fees set forth in this Agreement and all other costs, expenses, and payments by the Partnership (whether or not subject to reimbursement by tenants) in connection with the ownership, management, leasing, operation, and administration of the Apartment Complex and/or any other assets of the Partnership in accordance with provisions of this Agreement. In addition, the net increase during the year in any escrow account or reserve maintained by or for the Partnership shall be considered a cash expenditure during the year. Notwithstanding the foregoing, “Expenditures” shall exclude any amounts payable to Partners and/or their Affiliates under Section 9.2A hereof or otherwise, all of which amounts shall be paid after Expenditures payable to third parties. Real estate taxes, insurance premiums, accounting fees and all material costs and expenses which are seasonal, including, but not limited to, fuel or other utility costs, shall be annualized so as to reflect on a monthly basis the average of expenses so incurred.

**“Extended Use Agreement”** means the extended low-income housing commitment for the Apartment Complex between the Partnership and the Credit Agency as described in Section 42(h)(6)(B) of the Code.

**“Federal Housing Credit Excess”** has the meaning set forth in Section 3.8A(i) hereof.

**“Federal Housing Credits”** means any federal low-income housing tax credits under Section 42 of the Code.

**“Federal Housing Credit Percentage”** means with respect to the Federal Housing Credits, the applicable percentage set forth in the Schedule.

**“Federal Housing Credit Shortfall”** means any reduction in Federal Housing Credits allocable to the Alliant Limited Partners and State Housing Limited Partner as a result of (a) Actual Federal Housing Credits being less than the Projected Federal Housing Credits (or, if applicable, the Revised Projected Federal Housing Credits), or (b) as a result of a Housing Credit Recapture Event.

**“Federal Housing Credit Shortfall Payment”** means any amounts payable by reason of the provisions of Section 3.8 hereof as a result of a Federal Housing Credit Shortfall.



**“Fifty Percent Test”** means at least fifty percent (50%) of the aggregate basis in each building of the Apartment Complex and the Land on which such buildings are located, for purposes of Section 42(h)(4) of the Code, will be financed by the proceeds of the aggregate amount of the Tax-Exempt Note which were issued under the volume limitations pursuant to Section 146 of the Code.

**“Filing Office”** means the Secretary of State, the office in which certificates of limited partnership are properly filed under the Uniform Act as enacted in the State.

**“Final Determination”** means (i) a decision of a court of competent jurisdiction from which no appeal (other than an appeal to the United States Supreme Court) is available or which is not appealed by the Partnership within ninety (90) days, (ii) a binding agreement between the Partnership or the Investor Limited Partner or any other Partner (or any partner of the Investor Limited Partner) and the IRS with respect to such issue, or (iii) a final ruling or administrative determination by the IRS, from which no appeal is available or is not appealed by the Partnership within ninety (90) days.

**“Final Reservation Letter”** means the final reservation letter for the Apartment Complex issued by the Credit Agency.

**“Fiscal Year”** means the twelve month period which begins on the first day of January (or on the effective date of the Original Certificate if other than January 1 with respect to the initial Fiscal Year) and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Partnership is wound up and dissolved).

**“Force Majeure”** means strikes, acts of God, governmental restrictions, severe or unusual shortages of labor or materials, enemy action, riot, civil commotion, fire, unavoidable casualty or other causes beyond the reasonable control of a party. Lack of funds shall not be deemed a cause beyond the control of a party.

**“Foreign Partner”** means a Partner who at the time of acquisition of such Partner’s Interest is a Foreign Person.

**“Foreign Person”** means a non-resident alien, foreign corporation, foreign partnership, foreign trust or foreign estate, within the meaning of Sections 897 and 1445 of the Code.

**“Former Partner”** means any Person who was a Reviewed Year Partner but is not an Adjustment Year Partner.

**“Freddie Mac”** means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States of America.

**“Freddie Mac Purchase Date”** means the date that Freddie Mac purchases the funding loan component of the Tax-Exempt Loan from KeyBank National Association in its capacity as the seller/servicer.

**“General Partners”** means the parties so identified as such on the cover page of this Agreement, including, without limitation, such parties and any Person or Persons who, at the time of reference thereto, have been admitted as additional or successor General Partners. At any

and all times where there is only one General Partner, the term “General Partners” shall mean such sole General Partner.

**“Governmental Agreements”** means all agreements between the Partnership and any Credit Agency with respect to the Apartment Complex and relating to insuring, supplementing, subsidizing, endorsing or otherwise affecting the Mortgage Loans or the Apartment Complex or the Housing Credits, and all such agreements with respect to bond financing secured by a Mortgage, including, without limitation, any regulatory agreement (including, without limitation, the Extended Use Agreement), Rental Assistance Contract, and all applications to and agreements with the Credit Agency with respect to Housing Credits, as the same may be modified after the date of this Agreement with the Consent of the Administrative Limited Partner.

**“Guarantors”** means, collectively, the Developer, the Administrative General Partner and Cyrus Youssefi, on a joint and several basis.

**“Guaranty Agreement”** means the Guaranty Agreement of even date with this Agreement pursuant to which the Guarantors have guaranteed for the benefit of the Investor Limited Partner, the State Housing Limited Partner and the Administrative Limited Partner the performance of certain specified obligations of the General Partners hereunder.

**“Hazardous Substance”** means any substance defined as a hazardous substance, hazardous material, hazardous waste, toxic substance or toxic waste in any Environmental Law; provided, however, for purposes hereof, “Hazardous Substances” shall not include any such substances normally and customarily used in the construction or operation of an apartment building similar to the Apartment Complex, provided such substances are used strictly in accordance with all Environmental Laws.

**“Housing Credit Recapture Event”** means an event, evidenced by a determination thereof by the Accountants or as a result of a Final Determination, which results in a recapture with respect to all or any portion of the Partnership’s Housing Credits under Section 42(j) of the Code or the State Housing Credit Act or which results in a disallowance of any Housing Credits previously claimed by the Partnership.

**“Housing Credit Shortfall”** means any Federal Housing Credit Shortfall or State Housing Credit Shortfall.

**“Housing Credits”** means, collectively, the Federal Housing Credits and the State Housing Credits.

**“HUD”** means the United States Department of Housing and Urban Development, or any successor federal agency.

**“ILP Asset Management Fee”** means the annual fee payable by the Partnership to the Investor Limited Partner pursuant to Section 14.3 hereof.

**“Improvements”** means that certain residential building containing 159 apartment units and the ancillary and appurtenant facilities (including commercial space, if any) located upon the Land or to be constructed or rehabilitated (as set forth in the Schedule) thereon pursuant to the Construction Agreements.

**“Incentive Management Agreement”** means the Incentive Management Agreement, dated as of the Closing Date, by and between the Partnership and the Administrative General Partner, in the form attached hereto as Exhibit H.

**“Incentive Management Fee”** has the meaning set forth in the Incentive Management Agreement.

**“Indirect Partner”** means any Person who has an interest in the Partnership through its interest in one or more pass-through entities, including a partnership (as described in Section 301.7701-2(c)(1) of the Treasury Regulations, including a foreign entity that is classified as a partnership under Section 301.7701-3(b)(2)(i)(A) or (c)), an S corporation, a trust (other than a trust described in the next sentence) and a decedent’s estate.

**“Initial Lease”** means, with respect to each dwelling unit in the Apartment Complex, the lease entered into by the initial occupant thereof following the placement in service of the Apartment Complex, together with such documentation received from or in connection with tenants thereunder relevant to the qualification of such tenants for residency in a Tax Credit Apartment Unit (including, without limitation, disclosure of income and verifications thereof), and additional information necessary to determine compliance with all requirements relating to the Housing Credits. To the extent any such Initial Lease relates to a Tax Credit Apartment Unit, such Initial Lease shall conform in all respects to the requirements of Section 42 of the Code, as well as any requirements imposed by the Credit Agency or any Lender or governmental authority with jurisdiction over the Apartment Complex.

**“Initial Projections”** means the initial projections for the operation of the Apartment Complex, a copy of which is attached hereto as Exhibit O.

**“Insurance Requirements”** means the minimum insurance requirements to be obtained and maintained by the Partnership as set forth on Exhibit L attached hereto and incorporated herein by this reference, as the same may be updated by the Administrative Limited Partner from time to time.

**“Interest”** means the entire ownership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which a Partner may be entitled as provided in this Agreement, together with the obligations of such Partner to comply with all terms and provisions of this Agreement.

**“Interest Rate”** means a rate per annum (compounded annually on December 31 of each calendar year) equal to the greater of 8% or 2% over the Prime Rate, but in no event more than the maximum rate of interest permitted by law.

**“Investment Termination Event”** has the meaning set forth in Section 7.4A hereof.

**“Investor Limited Partner”** means Alliant Credit Facility II, LLC, a Florida liability company, and its successors and assigns.

**“Investor Limited Partner Contribution”** means the gross investment of the Investor Limited Partner in the Partnership as set forth in Article 3 hereof, plus any supplemental amounts paid in addition to that provided for in this Agreement, as the same may be reduced pursuant to the provisions hereof (including without limitation any adjustments or returns of Capital Contributions made pursuant to Section 3.8 hereof).

**“Involuntary Withdrawal”** means, as to any General Partner, any Withdrawal caused by Bankruptcy, death, adjudication of insanity, incompetence or permanent disability, or removal of a General Partner under Section 11.4A(i)(f) or 11.4A(v) hereof.

**“Issuer”** means the California Housing Finance Agency.

**“IRS”** means the Internal Revenue Service.

**“Land”** means that certain parcel of real property owned by the Partnership on which the Improvements are or are to be located, which parcel is identified in Exhibit A hereto.

**“Lender”** means any lender or lenders under any Mortgage Loan (as identified in the Schedule).

**“Limited Partners”** means either or both of the Investor Limited Partner and the Administrative Limited Partner and shall not include the State Housing Limited Partner, unless expressly provided.

**“Liquidating Agent”** means that Person conducting and supervising the liquidation of the Partnership in accordance with the terms of Section 12.2 hereof.

**“Major Default”** means the happening of any one of the events set forth under Section 11.4A hereof.

**“Majority in Interest”** means with respect to each Class, those Partners holding more than one-half of the Interests held by such Class.

**“Management Agent”** means the Person, selected pursuant to Article 8 hereof and approved by each Credit Agency (to the extent such approval is required) to provide management services to the Apartment Complex from time to time. The initial Management Agent is identified in the Schedule.

**“Management Agreement”** means the agreement between the Partnership and the Management Agent in connection with management of the Apartment Complex entered into pursuant to the authority granted by Article 8 hereof. The initial Management Agreement is described in the Schedule.

**“Master Lease”** means that certain lease for the Commercial Space by and between the Partnership, as lessor, and the Master Lessee, as lessee, dated as of [\_\_\_\_\_] , 2020, pursuant to which Master Lessee has the right to sub-lease the Commercial Space to tenants and will, in turn, pay the Partnership annual rent in the amount described in the Master Lease.

**“Master Lessee”** means CFY Development Inc., a California corporation.

**“Material Participation”** or **“Materially Participate”** means, pursuant to the BOE Regulations, that the Managing General Partner (i) has a right to vote in all Major Decisions of the Partnership, (ii) performs Substantial Management Duties as set forth in this Agreement, (iii) directly, or indirectly under its supervision, manages the Partnership, (iv) annually conducts a physical inspection of the Apartment Complex to ensure that the Apartment Complex is being used as low-income housing and meets all of the requirements of the BOE Regulations and (v) submits the Annual Claim Form for each real estate tax year, which forms constitutes a

certification to the County Assessor that the Apartment Complex meets all of the requirements set forth in the BOE Regulations and delivers a copy of such Annual Claim Form to the Administrative General Partner, the State Housing Limited Partner and the Investor Limited Partner within five (5) business days of the submission thereof.

**“MGP Partnership Management Fee”** means the annual fee payable by the Partnership to the Managing General Partner pursuant to Section 14.4 hereof.

**“Minimum Set-Aside Test”** means the set-aside test selected by the Partnership pursuant to Section 42(g) of the Code with respect to the percentage of apartment units in the Apartment Complex to be occupied by tenants with incomes equal to no more than a certain percentage of area median gross income. The Partnership has selected or will select the Average Income Set-Aside Test, as the Minimum Set-Aside Test.

**“Mortgage”** means any mortgage or deed of trust securing an indebtedness of the Partnership evidenced by a Mortgage Note and encumbering the Apartment Complex, as such indebtedness may be increased, decreased or refinanced in accordance with this Agreement and the Project Documents. Where the context permits, the term “Mortgage” shall include any mortgage, deed, deed of trust, note, regulatory agreement, security agreement, assignment agreement, assumption agreement or other instrument executed in connection with a Mortgage Note which is binding on the Partnership; and in case any Mortgage is replaced or supplemented by any subsequent document, the term “Mortgage” shall refer to any such subsequent document. If the Apartment Complex is encumbered by more than one such document, all such documents shall be deemed collectively to be “the Mortgage.”

**“Mortgage Loans”** means the Tax-Exempt Loan, the Construction Loan, the CADA Loan and/or the CalHFA Loan, each as more particularly described in the Schedule and any other financing approved by the Administrative Limited Partner. At any time when there is only one Mortgage Loan, the term “Mortgage Loans” as used herein shall refer to such one Mortgage Loan.

**“Mortgage Note”** means any promissory note held by a Lender evidencing Mortgage Loan indebtedness.

**“Nonrecourse Debt”** has the meaning given to the term “nonrecourse liability” in Section 1.704-2(b)(3) of the Regulations.

**“Nonrecourse Deductions”** has the meaning set forth in Section 1.704-2(b)(1) of the Regulations. The amount of Nonrecourse Deductions for each Fiscal Year shall equal the excess, if any, of the net increase, if any, in the amount of Partnership Minimum Gain during that Fiscal Year over the aggregate amount of any distributions during that Fiscal Year of proceeds of a Nonrecourse Debt that are allocable to an increase in Partnership Minimum Gain, determined in accordance with the provisions of Section 1.704-2(c) of the Regulations.

**“Occupancy”** means lawful occupancy of apartment units in the Apartment Complex under leases (i) having a term of not less than six months, (ii) under which full rental payments have commenced at rental rates which are (in the case of the Tax Credit Apartment Units) consistent with the definition of “rent restricted unit” under Section 42(g)(2) of the Code, or at such lower rental rates as may be prescribed under any applicable restrictions contained in the Project Documents, but in no event at rates which are less than ninety percent (90%) of the maximum rents which can be charged to tenants of rent restricted units under Section 42(g)(2) (unless any Project Document prescribes a lower rent, in which case at rates which are less than ninety

percent (90%) of such lower rents), (iii) to tenants actually occupying the apartment units other than on a transient basis and who (in the case of the Tax Credit Apartment Units) meet the income requirements of Section 42(g) of the Code and the Project Documents, which, with respect to the Tax Credit Apartment Units are as follows: (a) 78 Tax Credit Apartment Units will be rented to persons with incomes at or below 50% of the area median income; (b) 47 Tax Credit Apartment Units will be rented to persons with incomes at or below 60% of the area median income; (c) 33 Tax Credit Apartment Units will be rented to persons with incomes at or below 80% of the area median income; and (d) there shall be one manager's unit, and (iv) on such other terms as are commercially reasonable and customary under residential apartment leasing practices observed in the area in which the Apartment Complex is located. An apartment unit shall not be considered "Occupied" unless and until each of the foregoing criteria has been complied with. At the election of the Administrative Limited Partner, Occupancy may be certified by an internal audit or by independent accountants selected by the Administrative Limited Partner. "Occupancy" at a specified percentage means Occupancy of the specified percentage of the total number of apartment units in the Apartment Complex.

**"OFAC"** means the United States Office of Foreign Assets Control or any successor authority.

**"OFAC List"** means the list of specially designated nationals and blocked people subject to financial sanctions that is maintained by the U.S. Department of the Treasury, OFAC, and any other similar list maintained by OFAC pursuant to any Requirements of Law, including, without limitation, embargo, sanctions, or other prohibitions of the United States law, regulation, or Executive Order of the President of the United States. The OFAC List is accessible through the website <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>.

**"Operating Deficit"** means, for any specified period of time after all Development Deficits have been fully paid, that there is negative Cash Flow.

**"Operating Deficit Guaranty Period"** means the period described in the Schedule during which the Administrative General Partner is obligated to fund Operating Loans. The Operating Deficit Guaranty Period shall not commence until all Development Deficits are fully paid.

**"Operating Deficit Reserve Account"** has the meaning set forth in Section 4.4 hereof.

**"Operating Loans"** means loans made to the Partnership pursuant to Section 4.3 hereof to fund Operating Deficits occurring during the Operating Deficit Guaranty Period, which loans do not bear interest and are repayable only as provided in Article 9 hereof.

**"Operating Reserve Amount"** has the meaning set forth in Section 4.4 hereof.

**"Original Agreement"** means the Agreement of Limited Partnership of the Partnership, as the same may have been amended prior to the date hereof, as identified on the Schedule.

**"Original Certificate"** means the Certificate of Limited Partnership for the Partnership, as the same may have been amended prior to the date hereof, as identified on the Schedule.

**"Original Partnership Agreement"** means, collectively, the Original Certificate and the Original Agreement.

**“Organizational Clearance Certificate”** means, collectively, the certificates issued by BOE pursuant to which it indicates that the Managing General Partner is an organization eligible for the Welfare Tax Exemption, including (i) the organizational clearance certificate (currently, Form BOE-277-OC), (ii) the supplemental clearance certificate (currently, Form BOE-277-SCC) specifically for the Apartment Complex, and (iii) any writings by the BOE with regard to the periodic filings required to be made by the Managing General Partner (currently, Forms BOE-277-P and BOE-277-L1) demonstrating continued eligibility for the Welfare Tax Exemption, which filings are currently required on a three-year cycle.

**“Partner”** or **“Partners”** means any or all of the General Partners, the State Housing Limited Partner, the Administrative Limited Partner and the Investor Limited Partner.

**“Partner Information Schedule”** means the schedule so designated which is attached to this Agreement.

**“Partner Nonrecourse Debt”** has the meaning set forth in Section 1.704-2(b)(4) of the Regulations.

**“Partner Nonrecourse Debt Minimum Gain”** has the meaning set forth in Section 1.704-2(i)(2) of the Regulations and shall be determined in accordance with Section 1.704-2(i)(3) of the Regulations.

**“Partner Nonrecourse Deductions”** has the meaning set forth in Section 1.704-2(i)(2) of the Regulations. The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Fiscal Year equals the excess, if any, of the net increase, if any, in the amount of Partner Nonrecourse Debt Minimum Gain attributable to a Partner Nonrecourse Debt during that Fiscal Year over the aggregate amount of any distributions during that Fiscal Year to the Partner that bears the economic risk of loss for such Partner Nonrecourse Debt to the extent that such distributions are from the proceeds of such Partner Nonrecourse Debt which are allocable to an increase in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined according to the provisions of Section 1.704-2(i)(2) of the Regulations.

**“Partnership”** means the limited partnership governed by this Agreement, as such Agreement may from time to time be amended or reconstituted.

**“Partnership Minimum Gain”** has the meaning set forth in Section 1.704-2(d) of the Regulations.

**“Partnership Representative”** means the Partner designated from time to time as the Partnership Representative of the Partnership pursuant to Section 5.3B hereof.

**“Permanent Financing Phase”** means the period of time beginning on the last to occur of each of the following: (i) Completion; (ii) repayment in full of the Construction Loan (provided that such repayment may occur contemporaneously with the funding of (a) the installment of the Investor Limited Partner Contribution set forth in Section 3.4B hereof and (b) the installment of the State Limited Partner Contribution set forth in Section 3.3B(ii)); (iii) closing and funding in full of the CalHFA Loan; (iv) satisfaction of any conditions to the conversion of the CADA Loan to its permanent phase; and (v) conversion of the Tax-Exempt Loan to the Permanent Tax-Exempt Loan Amount.

**“Permanent Loan Commitments”** has the meaning set forth in Section 3.10 hereof.

**“Permanent Tax-Exempt Loan Amount”** means the anticipated principal amount set forth in the Schedule or such lesser amount as is necessary to cause the Tax-Exempt Loan to achieve a minimum Debt Service Coverage Ratio as set forth in the Tax-Exempt Loan Documents.

**“Permitted Encumbrances”** has the meaning set forth in Section 6.6A hereof.

**“Person”** means any individual or entity, its heirs, executors, administrators, legal representatives, successors and assigns, as the context may require.

**“Personalty”** means, collectively, all fixtures, appliances and personal property now or hereinafter acquired which are required in connection with the use, operation and maintenance of the Improvements.

**“Plans and Specifications”** means the plans and specifications for the Apartment Complex stamped with the seal of the Architect, dated as set forth in the Schedule and which are incorporated in the Construction Agreements, which have received the Consent of the Administrative Limited Partner and the State Housing Limited Partner (including any change orders made in compliance with Section 5.5C hereof).

**“Preexisting Limited Partner”** means the existing limited partner so identified on the cover page of this Agreement, who is hereby withdrawing from the Partnership simultaneously with the admission of the State Housing Limited Partner, the Investor Limited Partner and the Administrative Limited Partner as the sole limited partners therein.

**“Prime Rate”** means the rate of interest publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate or, if such rate is not generally available, the prime rate published by the *Wall Street Journal*.

**“Profits”** and **“Losses”** means, for each Fiscal Year or other period, an amount equal to the Partnership’s taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code (and for this purpose all items of income, gain, loss, or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code for such year or period shall be included in the determination of such taxable income or loss), with the following adjustments:

(i) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;

(ii) Any expenditures of the Partnership described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) of the Code expenditures pursuant to Section 1.704-1(b)(2)(iv)(i) of the Regulations, and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(iii) Gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Asset Value;



(iv) In the event of a distribution of Partnership assets to a Partner (whether in connection with a liquidation or otherwise), or in the event the Asset Value of any Partnership asset is adjusted upon the acquisition of an additional interest in the Partnership, unrealized income, gain, loss and deduction inherent in such distributed or adjusted assets (not previously reflected in Capital Accounts) shall be allocated pursuant to Section 9.1 hereof as if there had been a taxable disposition of such distributed or adjusted assets at fair market value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the definition of Depreciation herein; and

(vi) Notwithstanding any other provision of this definition of Profits and Losses, any items that are allocated pursuant to Sections 9.1D, 9.1E, 9.1F, 9.1G or 9.1J hereof shall not be taken into account in computing Profits or Losses.

**“Prohibited Person”** means any Person (i) listed on, included within or associated with any of the countries, territories or Persons referred to on the OFAC List or any other prohibited person lists maintained by any governmental authority, or otherwise included within or associated with any of the countries, territories or Persons referred to in or prohibited by OFAC or any other Anti-Money Laundering Laws, or (ii) which pays, donates, transfers or otherwise assigns any property, money, goods, services, or other benefits from any property directly or indirectly, to any countries, territories or Persons on or associated with any country, territory or Person on such list or included in such laws.

**“Project Documents”** means the Governmental Agreements, the Construction Agreements, the Management Agreement, the Development Services Agreement, the Guaranty Agreement, the Incentive Management Agreement, the Master Lease, any agreements with the Credit Agency, the Mortgages, the Mortgage Notes, and any other document related to the financing, development, construction or operation of the Apartment Complex, as any such document may be amended from time to time.

**“Projected Federal Housing Credits”** means Federal Housing Credits in the amounts set forth in the Schedule, which the General Partners have projected to be the total amount of the Federal Housing Credits which will be allocated to the Alliant Limited Partners by the Partnership, constituting 99.98% of the Federal Housing Credits which are projected to be available to the Partnership and allocated to the Alliant Limited Partners. The Projected Federal Housing Credits allocable to the Alliant Limited Partners as of the date hereof are allocated to the following Fiscal Years in the following respective amounts (subject to adjustment if the Projected Housing Credits are revised pursuant to Section 3.8):

2023:                      \$[1,674,405]

2024 through 2032:    \$[2,558,156]

2033:                      \$[883,751]

**“Projected Housing Credits”** means, together, the Projected Federal Housing Credits and the Projected State Housing Credits.

**“Projected State Housing Credits”** means, with respect to any Partnership taxable year during the State Housing Credit Period the amount of State Housing Credits projected to be allocable to the State Housing Limited Partner during such Partnership taxable year. The Projected State Housing Credits allocable to the State Housing Limited Partner as of the date hereof are allocated to the following Fiscal Years in the following respective amounts (subject to adjustment if the Projected State Housing Credits are revised pursuant to Section 3.8):

2023 through 2025:   \$[2,894,711]

2026:                   \$[966,848]

**“Refinance Transaction”** means the refinancing of any Mortgage Loan or other indebtedness of the Partnership.

**“Regulations”** means the Income Tax Regulations (whether temporary or final) promulgated under the Code as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

**“Rent Restriction Test”** means the test pursuant to Section 42(g)(2) of the Code whereby the gross rent charged to tenants of the Tax Credit Apartment Units in the Apartment Complex cannot exceed 30% of the imputed income limitation of the Tax Credit Apartment Units.

**“Rental Achievement”** means the date that all of the following conditions have been fulfilled: (i) commencement of the Permanent Financing Phase; (ii) all governmental approvals necessary for Occupancy of all units in the Apartment Complex have been obtained; (iii) one hundred percent (100%) Occupancy of the Tax Credit Apartment Units has occurred; (iv) ninety percent (90%) Occupancy of the Apartment Complex has occurred during each of three (3) consecutive months (but no earlier than the three (3) consecutive months immediately preceding commencement of the Permanent Financing Phase), and which produces a Debt Service Coverage Ratio of 1.15 to 1.00 for each of such three (3) consecutive months; and (v) all Development Deficits have been fully paid or evidence satisfactory to the Administrative Limited Partner has been provided to the Administrative Limited Partner that all Development Deficits will be paid as of the commencement of the Permanent Financing Phase. Notwithstanding the foregoing, in the event that the Apartment Complex is not fully assessed as fully completed for purposes of real property taxes at the time that Rental Achievement is determined, the Administrative Limited Partner shall recalculate Rental Achievement at such time when the Apartment Complex has been fully assessed as fully completed for purposes of real property taxes. If the Administrative Limited Partner determines that the Debt Service Coverage Ratio of 1.15 to 1.00 required for Rental Achievement would not have been met using the actual real property taxes for the fully assessed Apartment Complex as fully completed when Rental Achievement was initially determined, then, for all purposes of this Agreement (other than Section 3.4B hereof) and the Guaranty Agreement, Rental Achievement shall be deemed to not have occurred and the Operating Deficit Guaranty Period shall be deemed to not have commenced until the date on which the Administrative Limited Partner determines that the required Debt Service Coverage Ratio of 1.15 to 1.00 has been met using the actual real property taxes for the fully assessed Apartment Complex as fully completed. At the election of the Administrative General Partner, the foregoing recalculations of the Debt Service Coverage Ratio shall be made by the Accountants, at the expense of the Partnership and subject to the Consent of the Administrative Limited Partner.

**“Rental Assistance Contract”** means the contract, if any, between the Partnership and HUD providing for annual rental subsidies for the Apartment Complex.

**“Replacement Reserve Account”** has the meaning set forth in Section 4.5 hereof.

**“Requirements of Law”** means any law, regulation, ordinance, code, decree, treaty, ruling or determination of an arbitrator, court or other Governmental Authority, or any Executive Order issued by the President of the United States, in each case applicable to or binding upon such Person or to which such Person, any of its property or the conduct of its business is subject including, without limitation, laws, ordinances and regulations pertaining to the zoning, occupancy and subdivision of real property.

**“Reviewed Year”** means the Partnership taxable year to which a Partnership Adjustment relates.

**“Reviewed Year Partner”** means any Person who held an interest in the Partnership at any time during the Reviewed Year.

**“Revised Partnership Audit Rules”** means Subchapter 63C of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74, the Protecting Americans from Tax Hikes Act of 2015, P.L. 114-113, and sections 201 through 207 of the Tax Technical Corrections Act of 2018, contained in Title II of Division U of the Consolidated Appropriations Act of 2018, P.L. 115-141), and the Treasury Regulations promulgated thereunder, as amended from time to time.

**“Revised Projected Credits”** means, collectively, the Revised Projected Federal Housing Credits and the Revised Projected State Housing Credits.

**“Revised Projected Federal Housing Credits”** has the meaning set forth in Section 3.8D hereof.

**“Revised Projected State Housing Credits”** has the meaning set forth in Section 3.8D hereof.

**“RT Code”** means the California Revenue and Taxation Code, as amended and supplemented from time to time.

**“Sale or Refinancing Transaction”** means any of the following items or transactions not in the ordinary course of business: a sale, transfer, exchange or other disposition of all or substantially all of the assets of the Partnership, a condemnation of the Apartment Complex or any part thereof, a recovery of any damage award and insurance proceeds (other than business or rental interruption insurance proceeds), or a Refinance Transaction; provided, however, that neither distributions which are deemed returns of capital for federal income tax purposes nor the payment of Capital Contributions shall be included within the meaning of the term “Sale or Refinancing Transaction.”

**“Sale or Refinancing Transaction Proceeds”** means all cash receipts of the Partnership arising from a Sale or Refinancing Transaction (including principal and interest received on a debt obligation received as consideration, in whole or in part, on a Sale or Refinancing Transaction) less the following: (i) the amount of cash paid or to be paid in connection with or as an expense of such Sale or Refinancing Transaction, and, with regard to damage recoveries or insurance or condemnation proceeds (other than for temporary loss of use), cash paid or to be paid for repairs,

replacements or renewals resulting from damage to or partial condemnation of the affected property; and (ii) the amount necessary for the payment of all debts and obligations of the Partnership due upon the occurrence of the particular Sale or Refinancing Transaction.

**“Sanctioned Country”** means any country or government of a country subject to embargoes or sanctions under the Requirements of Law.

**“Schedule”** means the Schedule attached hereto.

**“SHLP Asset Management Fee”** means the annual fee payable by the Partnership to the State Housing Limited Partner pursuant to Section 14.3 hereof.

**“State”** means the state in which the Apartment Complex is located.

**“State Housing Credit Act”** means [\_\_\_\_\_].

**“State Housing Credit Excess”** has the meaning set forth in Section 3.8A(iv) hereof.

**“State Housing Credit Percentage”** means with respect to the State Housing Credits, the applicable percentage set forth in the Schedule.

**“State Housing Credit Period”** means the [\_\_\_\_\_].

**“State Housing Credits”** means the affordable housing credits available to the Partnership with respect to the Apartment Complex pursuant to the State Housing Credit Act.

**“State Housing Credit Shortfall”** means any reduction in State Housing Credits allocable to the State Housing Limited Partner as a result of (a) Actual State Housing Credits being less than the Projected State Housing Credits (or, if applicable, the Revised Projected State Housing Credits), or (b) as a result of a Housing Credit Recapture Event.

**“State Housing Credit Shortfall Payment”** means any amounts payable by reason of the provisions of Section 3.8 hereof as a result of a State Housing Credit Shortfall.

**“State Housing Limited Partner”** means Affordable Housing Fund II LLC, a Missouri limited liability company, and its successors and assigns.

**“State Housing Limited Partner Contribution”** means the gross investment of the State Housing Limited Partner in the Partnership as set forth in Article 3 hereof, plus any supplemental amounts paid in addition to that provided for in this Agreement, as the same may be reduced pursuant to the provisions hereof (including without limitation any adjustments or returns of Capital Contributions made pursuant to Section 3.8 hereof).

**“State LP Lender”** means [\_\_\_\_\_].

**“Subsequent Closing Certificate”** means the certificate in the form attached hereto as Exhibit B.

**“Substituted Partner”** means any transferee of an Interest who is admitted to the Partnership as a successor partner.

**“Supervisory Management Fee”** has the meaning set forth in the Incentive Management Agreement.

**“Tax Credit Apartment Units”** means the 159 apartment units in the Apartment Complex which are to be occupied by tenants in a manner which will qualify such units for Housing Credits and which will permit the Partnership to claim an “applicable fraction”, pursuant to Section 42(c)(1)(B) of the Code with respect to the Housing Credits, of 100%.

**“Tax-Exempt Lender”** means, collectively (i) KeyBank National Association, in its capacity as initial funding lender and seller/servicer for Freddie Mac under the Tax-Exempt Loan Documents until the Freddie Mac Purchase Date, and (ii) Freddie Mac in its capacity as funding lender under the Tax-Exempt Loan Documents, from and after the Freddie Mac Purchase Date.

**“Tax-Exempt Loan”** means the loan to be made from the proceeds of the Tax-Exempt Note for the purpose of financing the acquisition and construction of the Apartment Complex, in the anticipated principal amount set forth in the Schedule, to be made by the Tax-Exempt Lender to the Issuer as the funding loan, and by the Issuer to the Partnership as the borrower loan at the Closing, which is to be secured by the Tax-Exempt Mortgage and other related security documents and financing statements. The funding loan component of the Tax-Exempt Loan shall be purchased by Freddie Mac on the Freddie Mac Purchase Date in accordance with the terms of the Tax-Exempt Loan Documents. If there is more than one such loan shown on the Schedule, all such loans shall collectively be deemed the “Tax-Exempt Loan” for purposes hereof.

**“Tax-Exempt Mortgage”** means the Mortgage to be given by the Partnership at the Closing in favor of the Tax-Exempt Lender (or the trustee of the Tax-Exempt Loan, as applicable) as maker of the Tax-Exempt Loan securing the Tax-Exempt Loan.

**“Tax-Exempt Note”** mean tax-exempt note identified in the Schedule, the proceeds of which will be used to make the Tax-Exempt Loan.

**“Title Company”** means Placer Title Company.

**“Title Policy”** means the owner’s title insurance policy meeting the requirements of Exhibit K.

**“Uniform Act”** means the Revised Uniform Limited Partnership Act, or its equivalent, as it may be adopted or amended from time to time by the State, or any successor statute governing the operation of limited partnerships.

**“United States Real Property Interest”** means any direct or indirect interest in United States real property as defined in Section 897(c) of the Code and the regulations promulgated thereunder.

**“Voluntary Loan”** means a voluntary, unsecured interest-bearing loan by any Partner to the Partnership as described in Section 5.9B hereof.

**“Voluntary Withdrawal”** means, as to any General Partner, a Withdrawal or the assignment, pledge or encumbrance of any part of its Interest in violation of Section 11.1A hereof or the removal of a General Partner pursuant to Section 11.4 hereof, other than a removal under Section 11.4A(i)(f) or 11.4A(v) hereof.

**“Warehouse Lender”** means KeyBank, National Association (together with its successors and assigns in such capacity).

**“Warehouse Lender Pledges”** has the meaning set forth in Section 10.1B hereof.

**“Welfare Tax Exemption”** means the exemption from payment of real estate taxes as provided for in Section 214 of the RT Code.

**“Withdrawing”** or **“Withdrawal”** (including the verb form **“Withdraw”** and the adjectival form **“Withdrawn”**) means, as to any General Partner, the occurrence of the death, adjudication of insanity or incompetence or permanent disability, Bankruptcy, dissolution or liquidation of such Partner, or the withdrawal, removal or retirement from the Partnership of such Partner for any reason, including any Assignment of its Interest and those situations when a General Partner may no longer continue as a General Partner by reason of any law or pursuant to any term of this Agreement.

## ARTICLE 2

### GENERAL

#### Section 2.1 Continuation of the Partnership.

A. The Partnership shall be continued as a limited partnership pursuant to this Agreement. The name of the Partnership shall continue to be the name set forth at the beginning of this Agreement or such other name selected by the General Partners, with the Consent of the Administrative Limited Partner, as may be acceptable to the Filing Office.

B. As soon after the execution of this Agreement as is practicable, but in any event within the time prescribed under the Uniform Act, the General Partners shall (if, to the extent and in the manner required under the Uniform Act) file this Agreement and/or a certificate related hereto in the Filing Office. The General Partners shall from time to time take all such other actions as may be deemed to be necessary or appropriate, including the preparation and filing of such amendments to this Agreement and any other certificate, document or instrument as may be required under the laws of the State, to (i) effectuate and permit the continuation of the Partnership as a limited partnership under the laws of the State, (ii) enable the Partnership to do business in the State, and (iii) protect the limited liability of the Limited Partners (including the State Housing Limited Partner) under the laws of the State. The Partners shall execute such certificates, documents and instruments and take such other action as may be necessary to enable the General Partners to fulfill their responsibilities under this Section 2.1B. In the event the General Partners fail to comply with this Section 2.1B, the Administrative Limited Partner is authorized to do so on behalf of the General Partners.

Section 2.2 Principal Office. The principal office of the Partnership shall be located at the location set forth in the Schedule. The General Partners may maintain such other offices on behalf of the Partnership in the State as it may from time to time deem advisable. The Partnership’s books and records and other documents, agreements and information will be made available at its principal office in accordance with the Uniform Act. The Limited Partners (including the State Housing Limited Partner) shall be entitled to review these books and records and other documents, agreements and information at any time during normal business hours. The principal office of the Partnership may be changed by the General Partners to any place in

the continental United States, in which event prior written notice thereof shall be given by the General Partners to all the other Partners.

Section 2.3      Principal Place of Business; Resident Agent. The principal place of business of the Partnership shall be at the location of the Apartment Complex. The party and its address so identified in the Schedule, has been appointed the Partnership's resident agent for the service of process in the State.

Section 2.4      Term. The Partnership shall continue in full force and effect until the dissolution and termination of the Partnership pursuant to Article 12 hereof.

Section 2.5      Purpose.

A.      The specific business and purpose of the Partnership is investment in real property and the provision of low income housing consistent with the charitable purposes of the Managing General Partner through the construction, renovation, rehabilitation, operation (including conversion to cooperative or condominium form of ownership and the sale of apartment units after the Compliance Period, if permitted), leasing and eventual sale of the Apartment Complex and any commercial space located therein, and in connection therewith, subject to and in accordance with the permission of each applicable Credit Agency, all Governmental Agreements and this Agreement, to make and perform contracts and other undertakings and to engage in any and all activities and transactions as may be necessary or advisable in connection therewith, including, but not limited to, the purchase, transfer, mortgage, pledge and exercise of all other rights, powers, privileges and other incidences of ownership with respect to the Apartment Complex and to borrow or raise money without limitation as to amount or manner and to carry on any and all activities related to any of the foregoing.

B.      In order to carry out its business and purpose under Section 2.5A hereof and subject to the limitations set forth elsewhere in this Agreement, the Partnership is hereby authorized to:

(i)      Acquire, construct, renovate, rehabilitate, own, maintain and operate the Apartment Complex;

(ii)      Mortgage, refinance, lease, transfer and exchange or otherwise convey and encumber, pursuant to the Mortgages or otherwise with the Consent of the Administrative Limited Partner and the State Housing Limited Partner (during the State Housing Credit Period only), the Apartment Complex (including conversion to cooperative or condominium form of ownership and the sale of apartment units) in furtherance of any and all of the objectives of the business of the Partnership;

(iii)      Enter into, perform and carry out contracts of any kind necessary or incidental to, the acquisition, construction, rehabilitation, ownership, financing, maintenance and operation of the Apartment Complex, including, without limitation, any contracts with any Credit Agency which may be desirable or necessary to comply with the requirements of such Credit Agency, including any agreements relating to regulations or restrictions contained in any mortgages as to rents, sales, charges, capital structure, rate of return and methods of operation;

(iv)      Rent dwelling units and commercial space, if any, therein from time to time in accordance with applicable federal, state and local regulations, in such a manner so as to qualify for the Housing Credits, collect the rents therefrom, pay the expenses incurred in

connection therewith, and distribute the net proceeds to the Partners in accordance with Section 9.2 hereof, subject to any requirements which may be imposed by any Credit Agency; and

(v) Carry on any and all activities incidental and appropriate to effectuate the purposes of the Partnership.

### ARTICLE 3

#### CAPITAL CONTRIBUTIONS; CLOSINGS; DEFAULT BY LIMITED PARTNER

Section 3.1 General Partners. The Capital Contributions of the General Partners are set forth in the Partner Information Schedule attached hereto. In addition, the General Partners shall perform the duties set forth in Article 5 hereof in exchange for their Interests in the Partnership. Notwithstanding the foregoing, if the Development Fee has not been paid in full by the thirteenth (13<sup>th</sup>) anniversary of the occurrence of Completion, the Administrative General Partner will make a capital contribution within ten (10) days thereafter in an amount sufficient for payment of any unpaid balance of the Development Fee. In addition, in the event that the Developer is either a General Partner or is an Affiliate of any General Partner (the "Affiliated General Partner"), at the election of the Administrative Limited Partner in its sole and absolute discretion, immediately prior to any removal and/or withdrawal of such Affiliated General Partner in accordance with Article 11 hereof, to the extent all or any portion of the Development Fee remains unpaid as of the day preceding the effective date of such removal and/or withdrawal of such Affiliated General Partner, such Affiliated General Partner shall immediately make a capital contribution to the Partnership in an amount sufficient for payment of any unpaid balance of the Development Fee, and the Partnership shall thereafter promptly pay to the Developer the remaining balance of the unpaid Development Fee. To the extent the Affiliated General Partner does not make the capital contribution in the manner and amount described in this Section 3.1, then at the election of the Administrative Limited Partner in its sole and absolute discretion, the Partnership may offset amounts due to the Partnership by the Affiliated General Partner that arise under this Agreement and/or any of the Project Documents, against the unpaid Development Fee. The Affiliated General Partner hereby represents and warrants to the other Partners that the Development Services Agreement contains this right of offset and the Affiliated General Partner covenants not to modify this right without the Consent of the Administrative Limited Partner.

Section 3.2 Withdrawal of Administrative General Partner and Managing General Partner as Limited Partners. The General Partners hereby withdraw from the Partnership in their capacity as Limited Partners. Each General Partner acknowledges that (a) it has not previously assigned any rights in, or claims against, the Partnership to any Person, (b) except for its General Partner Interest, it has no further interest in the Partnership as of the Closing and shall be deemed to have withdrawn as a limited partner in the Partnership as of such date, and (c) it has no claims against the Partnership or any of the Partners, for any unpaid fees, compensation or distributions. The General Partners shall have no further rights, interests or obligations of a limited partner hereunder.

Section 3.3 Admission of Administrative Limited Partner and State Housing Limited Partner.

A. The Administrative Limited Partner is hereby admitted into the Partnership as of the Closing. Subject to compliance with the terms of this Agreement and all agreements related thereto, the Administrative Limited Partner shall be obligated to contribute \$100 to the capital of the Partnership on the Closing Date.



B. The State Housing Limited Partner is hereby admitted into the Partnership as of the Closing. It shall be a condition precedent to the payment of any portion of the State Housing Limited Partner Contribution otherwise due that there are no defaults under this Agreement or any of the Project Documents that have not been waived in writing by the State Housing Limited Partner or cured by the defaulting party, and all other conditions precedent to payment, including but not limited to copies of all documents and items specified in the Sections described below for each installment (as well as any additional items reasonably requested by the State Housing Limited Partner in connection with those items or documents) and in [Section 3.12] hereof, must then be either satisfied or waived in a writing by the State Housing Limited Partner. No obligations of the General Partners under this Agreement shall be excused by any issue as to whether the State Housing Limited Partner is in compliance with the terms of this Agreement. Subject to compliance with the terms of this Agreement and all agreements related thereto, the State Housing Limited Partner shall be obligated to contribute the State Housing Limited Partner Contribution to the capital of the Partnership as follows:

(i) \$[753,004.00] upon the occurrence of all conditions to the payment of the Investor Limited Partner Contribution set forth in Section 3.4A, with such funds to be used for the same purposes set forth in Section 3.4A;

(ii) \$[6,400,535.00] upon the occurrence of all conditions to the payment of the Investor Limited Partner Contribution set forth in Section 3.4B, with such funds to be used for the same purposes set forth in Section 3.4B; and

(iii) \$[376,502.00] upon (A) the occurrence of all conditions to the payment of the Investor Limited Partner Contribution set forth in Section 3.4C, with such funds used for the same purposes set forth in Section 3.4C; provided, however, that if all conditions precedent to the payment of this Capital Contribution have been met except for such delivery of the Partnership's federal and State tax return and Schedule K-1 thereto for the first year of the State Housing Credit Period, the State Housing Limited Partner shall fund such installment less \$50,000, which \$50,000 shall be later funded upon the State Housing Limited Partner's receipt of such tax returns and Schedule K-1.

Section 3.4 Admission of Investor Limited Partner. The Investor Limited Partner is hereby admitted into the Partnership as of the Closing. The Investor Limited Partner shall contribute the Investor Limited Partner Contribution to the Partnership only under the terms and conditions of this Agreement. It shall be a condition precedent to the payment of any portion of the Investor Limited Partner Contribution otherwise due that there are no defaults under this Agreement or any of the Project Documents that have not been waived in writing by the Investor Limited Partner or cured by the defaulting party, and all other conditions precedent to payment, including but not limited to those specified below and in Section 3.11 hereof, must then be either satisfied or waived in writing by the Investor Limited Partner. No obligations of the General Partners under this Agreement shall be excused by any issue as to whether the Investor Limited Partner is in compliance with the terms of this Agreement. Subject to the foregoing, and subject to the adjustments described in Section 3.8 hereof, the Investor Limited Partner Contribution shall be made in the manner and amounts specified below:

A. \$[2,276,659.00] shall be payable upon the last to occur of (i) Closing, including, but not limited to, the receipt of all required federal, state and local governmental approvals concerning the Apartment Complex, the acquisition of the Interests by the State Housing Limited Partner, the Investor Limited Partner and the Administrative Limited Partner; (ii) receipt by the Partnership of the Credit Determination and satisfaction by the Partnership of

all conditions to the effectiveness of the Credit Determination which are to be satisfied prior to Closing imposed by the Code, the Credit Agency or otherwise; (iii) receipt of the Permanent Loan Commitments; (iv) receipt of the executed Master Lease on terms approved by the Administrative Limited Partner; and (v) funding of the Construction Loan, the Tax-Exempt Loan and the CADA Loan on terms approved by the Administrative Limited Partner, with such funds to be used solely for site acquisition, development and construction costs, including an expense reimbursement of \$60,000 to an Affiliate of the Limited Partners for their review and approval costs in connection with the Closing.

B. \$[19,352,448.00] shall be payable upon the last to occur of (i) satisfaction of all conditions precedent to the payment set forth in Sections 3.4A hereof; (ii) Completion by the Completion Date and delivery of a Completion Certificate in the form attached hereto as Exhibit C executed by the Architect; (iii) issuance of certificates of occupancy for all units in the Apartment Complex (and if such certificates of occupancy are not final, then, to the extent of any “punchlist” construction items, the Investor Limited Partner shall withhold an amount equal to 150% of the cost reasonably estimated to complete such items, and such withheld funds shall be contributed to the Partnership upon issuance of final certificates of occupancy); (iv) commencement of the Permanent Financing Phase; (v) the attainment of Rental Achievement; (vi) receipt by the Partnership of evidence of filing of IRS Forms 8609 for the entire Apartment Complex or each building thereof, as applicable; (vii) receipt by the Partnership of the Final Reservation Letter; (viii) receipt by the Investor Limited Partner of the Cost Certification, and (ix) [November 10], 2023, with such funds to be used to pay hard and soft costs of the Construction as reasonably acceptable to the Administrative Limited Partner, including the funding of any unfunded reserves of the Partnership, the payment of a portion of the Development Fee as set forth in the Schedule, and payment of any amounts outstanding under the Construction Loan.

C. \$[1,138,379.00] shall be payable upon the last to occur of (i) satisfaction of all conditions precedent to the payment set forth in Sections 3.4A and 3.4B hereof; (ii) issuance of IRS Forms 8609 for the entire Apartment Complex or each building thereof, as applicable; (iii) delivery to the Limited Partners of the Partnership’s tax return and Schedule K-1 thereto for the first year of the Credit Period; and (iv) [January 10], 2024; provided, however, that if all conditions precedent to the payment of this Capital Contribution have been met except for such delivery of the Partnership’s tax return and Schedule K-1 thereto for the first year of the Credit Period, the Investor Limited Partner shall fund such installment less \$50,000, which \$50,000 shall be later funded upon the Limited Partners’ receipt of such tax return and Schedule K-1. The funds contributed pursuant to this Section 3.4C shall be used first to pay unpaid development costs as reasonably acceptable to the Administrative Limited Partner, second, to fund any unfunded reserves of the Partnership (as required by this Agreement and/or any Project Document), and thereafter to pay a portion of the Development Fee as set forth in the Schedule.

Section 3.5 Treatment of Other Advances. If any Partner or Affiliate shall advance funds to the Partnership other than the amount of its Capital Contribution, the amount of such advance shall not be considered a contribution to the capital of the Partnership. Unless otherwise expressly indicated to the contrary elsewhere in this Agreement, any such advance shall be considered a Voluntary Loan in accordance with Section 5.9B hereof.

Section 3.6 Capital Accounts; Interest; Withdrawal. No Partner shall have the right to demand a return of its Capital Contribution, except as otherwise provided in this Agreement. No Partner shall have priority over any other Partner, either as to return of its Capital Contribution or as to Profits, Losses or distributions, except as otherwise specifically provided in this Agreement. Except as specifically otherwise provided in this Agreement, no General Partner shall

be personally liable for the return of the Investor Limited Partner Contribution or State Housing Limited Partner Contribution, or any portion thereof, it being expressly understood that any such return shall be made solely from assets of the Partnership. No interest shall be paid on any Capital Account or Capital Contribution. No Partner shall have the right to demand or receive property other than cash for its Interest. Each of the Partners does hereby agree to, and does hereby, waive any right such Partner may otherwise have to cause any asset of the Partnership to be partitioned or to file a complaint or institute any proceeding at law or in equity seeking to have any such asset partitioned. No Partner shall have any ownership or equity in the Apartment Complex other than its Interest in the Partnership.

Section 3.7      Liability of Limited Partners. No Limited Partner (including the State Housing Limited Partner) shall be liable for any debts, liabilities, contracts or obligations of the Partnership, except as provided by law. Each Limited Partner (including the State Housing Limited Partner) shall be liable only to make its Capital Contribution as and when due under this Agreement and otherwise to comply with its obligations hereunder.

Section 3.8      Tax Credit Protection; Adjustment of Interests.

A.      (i)      If upon the issuance by the Credit Agency of IRS Forms 8609 for any or all of the buildings comprising the Apartment Complex or upon a determination by the Issuer or a Final Determination that the Tax-Exempt Note is no longer a tax exempt obligation under Section 103 of the Code, the Administrative Limited Partner (in its reasonable discretion) or the Accountants determine that there is a Federal Housing Credit Shortfall for the Federal Housing Credit Period because the Actual Federal Housing Credits available to the Limited Partners and the State Housing Limited Partner pursuant to Section 42(a) of the Code are less than the Projected Federal Housing Credits, the Investor Limited Partner Contribution and the State Housing Limited Partner Contribution shall be reduced by a Federal Housing Credit Shortfall Payment equal to the product of the Federal Housing Credit Shortfall multiplied by the Federal Housing Credit Percentage. If upon such issuance by the Credit Agency, the Administrative Limited Partner (in its reasonable discretion) or the Accountants determine that the Actual Federal Housing Credits available to the Limited Partners and the State Housing Limited Partner pursuant to Section 42(a) of the Code are greater than the Projected Federal Housing Credits giving rise to a "Federal Housing Credit Excess," then the Investor Limited Partner Contribution and State Housing Limited Partner Contribution shall be increased by an amount equal to the Federal Housing Credit Percentage multiplied by the Federal Housing Credit Excess for the year or years in question; provided, however, that the amount of any such increase shall be subject to the limitation set forth in the penultimate paragraph of Section 3.8C hereof.

(ii)      In the event that there is a Federal Housing Credit Shortfall because the Actual Federal Housing Credits for either of 2023 or 2024 (determined separately for each year) are less than the Projected Federal Housing Credits for such year (or, if applicable, the Revised Projected Federal Housing Credits for such year) solely by reason that the applicable fraction for such year with respect to any buildings in the Apartment Complex was, by reason of the application of Section 42(f)(2) of the Code, lower than the applicable fraction projected in the Projected Federal Housing Credits (or Revised Projected Federal Housing Credits, if applicable), the Investor Limited Partner Contribution and the State Housing Limited Partner Contribution shall be reduced by a Federal Housing Credit Shortfall Payment equal to the difference in the net present values of the Actual Federal Housing Credits and the Projected Federal Housing Credits (or if applicable, Revised Projected Federal Housing Credits) delivered to the Investor Limited Partner and the State Housing Limited Partner in 2023 and 2024 (determined separately for each year) and 2033 and 2034 (determined separately for each year), computed using a discount rate

of 10%, compounded quarterly. In the event that there is a Federal Housing Credit Excess because the Actual Federal Housing Credits for either of 2023 or 2024 (determined separately for each year) are greater than the Projected Federal Housing Credits for such year (or, if applicable, the Revised Projected Federal Housing Credits for such year) solely by reason that the applicable fraction for such year with respect to any buildings in the Apartment Complex was, by reason of the application of Section 42(f)(2) of the Code, greater than the applicable fraction projected in the Projected Federal Housing Credits (or Revised Projected Federal Housing Credits, if applicable), the Investor Limited Partner Contribution and the State Housing Limited Partner Contribution shall be increased by an amount equal to the difference in the net present values of the Actual Federal Housing Credits and the Projected Federal Housing Credits (or if applicable, Revised Projected Federal Housing Credits) delivered to the Investor Limited Partner and the State Housing Limited Partner in 2023 and 2024 (determined separately for each year) and 2033 and 2034 (determined separately for each year), computed using a discount rate of 10%, compounded quarterly.

(iii) If at any time the Administrative Limited Partner (in its reasonable discretion) or the Accountants determine that, for any Fiscal Year or portion thereof during the Partnership's operation, by reason of any event other than an event described in Sections 3.8A(i) and/or 3.8A(ii) hereof (but not including a change in the Code or a transfer by the Investor Limited Partner or the Administrative Limited Partner of their respective Interests), there is (a) a Housing Credit Shortfall because the Actual Housing Credits for such Fiscal Year or portion thereof are less than the Projected Housing Credits, or the Revised Projected Housing Credits, if applicable, for such Fiscal Year or portion thereof, including, without limitation, the Apartment Complex not being placed in service during the second calendar year after the Credit Year or the failure of the Partnership to operate the Apartment Complex so as to have 100% of the Tax Credit Apartment Units therein eligible for the Housing Credits, (b) a Housing Credit Recapture Event, or (c) a failure of the Partnership to allocate 99.99% of the Housing Credits shown on the IRS Forms 8609 for each building comprising the Apartment Complex to the Limited Partners (including the State Housing Limited Partner) over the Credit Period, the Investor Limited Partner Contribution and State Housing Limited Partner Contribution shall be reduced by a Housing Credit Shortfall Payment equal to the Housing Credit Shortfall and further reduced by all additions to the tax of the Limited Partners (including the State Housing Limited Partner), and all penalties and interest assessed (including, without limitation, the "recapture amount" provided for in Section 42(j)(2) of the Code) against the Limited Partners (including the State Housing Limited Partner) or any of their constituent partners or members as a result of the event giving rise to the Housing Credit Shortfall.

(iv) If upon the issuance by the Credit Agency of CTCAC Form 3521A for any or all of the buildings comprising the Apartment Complex or upon a determination by the Issuer or a Final Determination that the Tax-Exempt Note is no longer a tax exempt obligation under Section 103 of the Code, the State Housing Limited Partner (in its reasonable discretion) or the Accountants determine that there is a State Housing Credit Shortfall for the State Housing Credit Period because the Actual State Housing Credits available to the State Housing Limited Partner pursuant to the State Housing Credit Act are less than the Projected State Housing Credits, the State Housing Limited Partner Contribution shall be reduced by a State Housing Credit Shortfall Payment equal to the product of the State Housing Credit Shortfall multiplied by the State Housing Credit Percentage. If upon such issuance by the Credit Agency, the State Housing Limited Partner (in its reasonable discretion) or the Accountants determine that the Actual State Housing Credits available to the State Housing Limited Partner pursuant to the State Housing Credit Act are greater than the Projected State Housing Credits giving rise to a "State Housing Credit Excess," then the State Housing Limited Partner Contribution shall be increased

by an amount equal to the State Housing Credit Percentage multiplied by the State Housing Credit Excess for the year or years in question.

(v) In the event that there is a State Housing Credit Shortfall because the Actual State Housing Credits for 2023 are less than the Projected Housing Credits for such year (or, if applicable, the Revised Projected State Housing Credits for such year) solely by reason that the applicable fraction for such year with respect to any buildings in the Apartment Complex was, by reason of the application of Section 42(f)(2) of the Code, lower than the applicable fraction projected in the Projected State Housing Credits (or Revised Projected State Housing Credits, if applicable), the State Housing Limited Partner Contribution shall be reduced by a State Housing Credit Shortfall Payment equal to the difference in the net present values of the Actual State Housing Credits and the Projected State Housing Credits (or if applicable, Revised Projected State Housing Credits) delivered to the State Housing Limited Partner in 2023 and 2027, computed using a discount rate of 10%, compounded quarterly.

(vi) If at any time the State Housing Limited Partner (in its reasonable discretion) or the Accountants determine that, for any Fiscal Year or portion thereof during the Partnership's operation, by reason of any event other than an event described in Sections 3.8A(iv) and/or 3.8A(v) hereof (but not including a change in the Code or a transfer by the State Housing Limited Partner of its Interest), there is (a) a State Housing Credit Shortfall because the Actual State Housing Credits for such Fiscal Year or portion thereof are less than the Projected State Housing Credits, or the Revised Projected State Housing Credits, if applicable, for such Fiscal Year or portion thereof, including, without limitation, the failure of the Partnership to operate the Apartment Complex so as to have 100% of the Tax Credit Apartment Units therein eligible for the State Housing Credits, (b) a Housing Credit Recapture Event, or (c) a failure of the Partnership to allocate 100% of the State Housing Credits shown on the CTCAC Form 3521A for each building comprising the Apartment Complex to the State Housing Limited Partner over the State Housing Credit Period, the State Housing Limited Partner Contribution shall be reduced by a State Housing Credit Shortfall Payment equal to the State Housing Credit Shortfall and further reduced by all additions to the tax of the State Housing Limited Partners, and all penalties and interest assessed against the State Housing Limited Partner or any of its constituent members or partners as a result of the event giving rise to the State Housing Credit Shortfall.

B. It is anticipated that the General Partners shall cause (i) 6.49% of the Partnership's initial depreciable basis in the Apartment Complex following Completion (the "Depreciable Basis") to be classified as site work depreciable over 15 years, and (ii) 1.74% of the Depreciable Basis to be classified as personal property depreciable over 5 years (such amounts collectively referred to herein as the "Minimum Depreciation Allocations"), such that fifteen and five year property in an amount not less than the amount of the Minimum Depreciation Allocations will be placed in service for tax purposes by December 31, 2023, and the Partnership will be entitled to claim 100% bonus depreciation in an amount not less than the amount of the Minimum Depreciation Allocations on the Partnership's federal tax return for Fiscal Year 2023. In the event that all or any portion of the Minimum Depreciation Allocations are not available to the Partnership, as evidenced by the Partnership's federal tax return for Fiscal Year 2023, the Investor Limited Partner Contribution shall be reduced by an amount equal to the sum of (x) the amount, if any, by which the actual portion of the Depreciable Basis classified as site work depreciable over 15 years is less than 6.49% of the Depreciable Basis, and (y) the amount, if any, by which the actual portion of the Depreciable Basis classified as personal property depreciable over 5 years is less than 1.74% of the Depreciable Basis, multiplied by 9.80%.

C. Whenever in this Section 3.8 it is provided that the Investor Limited Partner Contribution shall be reduced, each remaining installment of the Investor Limited Partner Contribution then outstanding shall be reduced pro rata so that the aggregate contributions, when made, will total the new amount of the Investor Limited Partner Contribution. If the outstanding balance of the Investor Limited Partner Contribution has been reduced to zero by reason of the aforesaid adjustments to the Investor Limited Partner Contribution and/or payments previously made thereon or offsets applied thereto, then either (1) the Administrative General Partner shall immediately make a Capital Contribution to the Partnership in the amount owed to the Investor Limited Partner (including, without limitation, any interest under Section 3.8E hereof), from their own funds, and shall cause the Partnership immediately to distribute such amount to the Investor Limited Partner, or (2) if tax counsel to the Investor Limited Partner determines that such a Capital Contribution and distribution would cause Partnership Profits, Losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, the Administrative General Partner shall pay the amount owed to the Investor Limited Partner (including, without limitation, any interest under Section 3.8E plus any amount needed to cause the net amount of the payment received by the Investor Limited Partner to be the same, on an after-tax basis as the amount of payment that would have been received under clause (1) above), from their own funds, directly to the Investor Limited Partner; provided, however, to the extent that the Administrative General Partner fails to pay any such amount owed to the Investor Limited Partner, such unpaid amounts shall be payable from Cash Flow and Sale or Refinancing Transaction Proceeds as provided in Sections 9.2A and 9.2B, respectively, hereof, but the Administrative General Partner shall remain in default of this Agreement.

Whenever in this Section 3.8 it is provided that the State Housing Limited Partner Contribution shall be reduced, each remaining installment of the State Housing Limited Partner Contribution then outstanding shall be reduced pro rata so that the aggregate contributions, when made, will total the new amount of the State Housing Limited Partner Contribution. If the outstanding balance of the State Housing Limited Partner Contribution has been reduced to zero by reason of the aforesaid adjustments to the State Housing Limited Partner Contribution and/or payments previously made thereon or offsets applied thereto, then either (1) the Administrative General Partner shall immediately make a Capital Contribution to the Partnership in the amount owed to the State Housing Limited Partner (including, without limitation, any interest under Section 3.8E hereof), from their own funds, and shall cause the Partnership immediately to distribute such amount to the State Housing Limited Partner, or (2) if tax counsel to the Investor Limited Partner determines that such a Capital Contribution and distribution would cause Partnership Profits, Losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, the Administrative General Partner shall pay the amount owed to the State Housing Limited Partner (including, without limitation, any interest under Section 3.8E plus any amount needed to cause the net amount of the payment received by the State Housing Limited Partner to be the same, on an after-tax basis as the amount of payment that would have been received under clause (1) above), from their own funds, directly to the State Housing Limited Partner; provided, however, to the extent that the Administrative General Partner fails to pay any such amount owed to the State Housing Limited Partner, such unpaid amounts shall be payable from Cash Flow and Sale or Refinancing Transaction Proceeds as provided in Sections 9.2A and 9.2B, respectively, hereof, but the Administrative General Partner shall remain in default of this Agreement.

With respect to any increase in the Investor Limited Partner Contribution pursuant to this Section 3.8, in no event shall the amount of the Investor Limited Partner Contribution as increased exceed 105% of the Investor Limited Partner Contribution as originally set forth in the Partner Information Schedule as of the Closing Date. To the extent that an increase in the amount of

Actual Federal Housing Credits over the Projected Federal Housing Credits would have otherwise resulted in an increase in excess of 105% of the Investor Limited Partner Contribution, the Investor Limited Partner shall have the option to either (1) increase the Investor Limited Partner Contribution in excess of such 105%, provided that such additional increase over 105% shall be based on the lesser of the Federal Housing Credit Percentage or the Investor Limited Partner's then-current pricing available generally for investments in Federal Housing Credits, or (2) reduce its Interest so that the Investor Limited Partner shall be in the same economic position (i.e., the allocations provided in this Agreement shall be adjusted accordingly by the Administrative General Partner) as if the increase in Actual Federal Housing Credits had not resulted in an increase in the Investor Limited Partner Contribution in excess of 105% thereof. Any Investor Limited Partner Contribution payable as a result of any such increase in the available Actual Housing Credits shall be payable with the final installment of the Investor Limited Partner Contribution set forth in Section 3.4C hereof, provided that all IRS Forms 8609 have been received.

With respect to any increase in the State Housing Limited Partner Contribution pursuant to this Section 3.8, in no event shall the amount of the State Housing Limited Partner Contribution as increased exceed 105% of the State Housing Limited Partner Contribution as originally set forth in the Partner Information Schedule as of the Closing Date. To the extent that an increase in the amount of Actual State Housing Credits over the Projected State Housing Credits would have otherwise resulted in an increase in excess of 105% of the State Housing Limited Partner Contribution, the State Housing Limited Partner shall have the option to either (1) increase the State Housing Limited Partner Contribution in excess of such 105%, provided that such additional increase over 105% shall be based on the lesser of the State Housing Credit Percentage or the State Housing Limited Partner's then-current pricing available generally for investments in State Housing Credits, or (2) reduce its Interest so that the State Housing Limited Partner shall be in the same economic position (i.e., the allocations provided in this Agreement shall be adjusted accordingly by the Administrative General Partner) as if the increase in Actual State Housing Credits had not resulted in an increase in the State Housing Limited Partner Contribution in excess of 105% thereof. Any State Housing Limited Partner Contribution payable as a result of any such increase in the available Actual State Housing Credits shall be payable with the final installment of the State Housing Limited Partner Contribution set forth in Section 3.3B(iii) hereof, provided that all State equivalents of IRS Forms 8609 have been received.

D. Whenever there is an adjustment pursuant to this Section 3.8 to the Investor Limited Partner Contribution or the State Housing Limited Partner Contribution and/or the Interest of the Investor Limited Partner or the State Housing Limited Partner, then the amount of the Projected Federal Housing Credits or Projected State Housing Credits, as the case may be, shall be increased or reduced, as the case may be, and shall thereafter be referred to as the "Revised Projected Federal Housing Credits" or the "Revised Projected State Housing Credits."

E. Any amount owing to the Partnership, the Investor Limited Partner or the State Housing Limited Partner under this Section 3.8 shall bear interest at the Interest Rate from the date such amount is determined to be due until the date such payment is made.

F. If all or a portion of the Investor Limited Partner Contribution is returned to the Investor Limited Partner under this Section 3.8, or if all or a portion of the State Housing Limited Partner Contribution is returned to the State Housing Limited Partner, the General Partners shall promptly prepare, execute and file an amendment to this Agreement and/or the Certificate, if required under the Uniform Act.

Section 3.9 Closing. The Closing shall take place on the Closing Date so long as each party to this Agreement, in their sole and absolute discretion, agrees to such Closing, having received (or arranged to receive) all such diligence and collateral documentation as such party shall require.

Section 3.10 Permanent Loan Commitments. The obligation of the Investor Limited Partner to make its Capital Contribution and the State Housing Limited Partner to make its Capital Contribution is further predicated on the General Partners obtaining permanent loan commitments (the "Permanent Loan Commitments") for the Apartment Complex on or prior to the Closing, in form and substance satisfactory to the Investor Limited Partner and providing for the terms and conditions set forth in the Schedule, which Permanent Loan Commitments shall be maintained until the closing of the CalHFA Loan and the Freddie Mac Purchase Date, respectively. The actual amount of the Tax-Exempt Loan shall be such amount as may be serviced at a Debt Service Coverage Ratio of not less than 1.15 to 1.00. Notwithstanding the foregoing, for purposes of satisfying the condition set forth in Section 3.4B hereof, the Investor Limited Partner may Consent to the extensions of the Tax-Exempt Loan or the CalHFA Loan and/or replacement thereof with an interim loan, all on terms and conditions set forth herein. The form of the documentation evidencing, securing and governing the CalHFA Loan and the Tax-Exempt Loan shall be subject to the Consent of the Administrative Limited Partner, which shall not be unreasonably withheld. To the extent that any such documentation was not provided to and approved by the Administrative Limited Partner at or prior to Closing, the cost of the Administrative Limited Partner's review of such documentation shall be a post-Closing expense of the Partnership.

Section 3.11 Subsequent Closing(s).

A. There shall be subsequent closing(s) (individually referred to as a "Subsequent Closing") which shall be held twenty (20) days (except as set forth herein) after the respective date(s) on which all of the conditions precedent (including the conditions set forth in this Section 3.11) to the payment of each of the installments of (1) the Investor Limited Partner Contribution referred to in Sections 3.4B and 3.4C hereof and (2) the State Housing Limited Partner Contribution referred to in Sections 3.3B(ii) and 3.3(B)(iii) hereof have been satisfied (hereinafter referred to as a "Subsequent Closing Date"). The twenty (20) day period shall not commence until each of the Investor Limited Partner and State Housing Limited Partner is satisfied that all conditions precedent to the installment of the Investor Limited Partner Contribution or State Housing Limited Partner Contribution, as the case may be, relating to each such Subsequent Closing have been met.

B. As a condition precedent to each Subsequent Closing, the General Partners on behalf of themselves and the Partnership shall deliver certain documents (collectively, the "Subsequent Closing Documents") to the Investor Limited Partner and the State Housing Limited Partner, all in form and substance satisfactory to the Investor Limited Partner, as follows:

(i) With respect to the funding of each installment of the Investor Limited Partner Contribution described in Section 3.4B hereof and the State Housing Limited Partner described in Section 3.3B(ii):

(a) All Draw Request documentation (in the form required by the applicable Lender and the Title Company, including an Owner's Sworn Statement), which has



not been previously provided to the Administrative Limited Partner and/or the State Housing Limited Partner;

(b) Copies of any change orders, whether proposed or executed, which have not been previously provided to the Administrative Limited Partner and/or the State Housing Limited Partner;

(c) Copies of all construction contracts (including subcontracts) which have been executed since the last payment of the Investor Limited Partner Contribution and the State Housing Limited Partner Contribution, together with any bonds obtained or required to be obtained with respect thereto, which have not been previously provided to the Administrative Limited Partner;

(d) A date down certificate or endorsement to the Title Policy ("Bring Down Certificate"), dated as of such Subsequent Closing Date, at the Partnership's expense, insuring (in an amount equal to the sum of the Capital Contributions and the aggregate principal amount of the Mortgage Loans upon commencement of the Permanent Financing Phase) the Partnership's ownership of the Apartment Complex, showing that the Apartment Complex is subject to no mortgage, deed of trust, lien, encumbrance, easement, covenant, restriction or charge other than the exceptions set forth on the Title Policy (and, if applicable, such other matters as may be approved by the Investor Limited Partner in writing);

(e) Copies of each of the fully executed and, if applicable, recorded documents evidencing, describing or securing each Mortgage Loan, which have not been previously provided to the Administrative Limited Partner and the State Housing Limited Partner;

(f) A Subsequent Closing Certificate of the General Partners and the Guarantors, dated as of such Subsequent Closing Date, certifying on behalf of themselves and the Partnership, in the form attached hereto as Exhibit B;

(g) Evidence that the Partnership has obtained and maintained insurance in accordance with the requirements of the Insurance Requirements attached hereto as Exhibit L;

(h) Evidence that the Partnership has satisfied all conditions precedent to the continued availability of the Housing Credits as of the date of such Subsequent Closing;

(i) A true, correct and complete copy of each Initial Lease executed after the Closing and each prior Subsequent Closing;

(j) a final soils report;

(k) AIA G704 issued by the Architect in support of Completion;

(l) An as-built survey, meeting the then current ALTA/NSPS standards, of the Apartment Complex (to the extent any conditions which would be disclosed by an updated survey have not been shown on the latest survey previously delivered);

(m) A certification of the General Partners, in form and substance acceptable to the Administrative Limited Partner, confirming that any asserted violations of building codes or Environmental Laws that were to be corrected or remediated during Construction of the Apartment Complex have been timely and fully corrected or remediated in strict compliance with applicable law;

(n) A report from the construction consultant to the Investor Limited Partner that all design, site, construction and finishing work necessary for the completion of the Apartment Complex and any necessary utilities have been finished in a good and workmanlike manner, free from defects in design and construction and substantially in accordance with the Plans and Specifications, which inspection and report shall be completed prior to the date which is twenty (20) days after the date on which all of the other Subsequent Closing Documents for the Subsequent Closing contemplated by this Section have been delivered to the Investor Limited Partner and the State Housing Limited Partner. The Investor Limited Partner shall cause its consultant to deliver a copy of its report (or the pertinent portions thereof) promptly to the General Partners if there are any construction or other development items which the Investor Limited Partner claims are unsatisfactory based upon the findings in the report;

(o) Evidence that each and every one of the reserve accounts have been funded (or will be simultaneously funded) in accordance with Article 4;

(p) Evidence of completion of "punch list" items and release to the Contractor of any holdback;

(q) Such documentation as may be reasonably required by the Administrative Limited Partner to support the Cost Certification; and

(r) Such other documents as the Administrative Limited Partner determines are reasonably necessary to clarify any matter disclosed by the documents described above or a fact or circumstance which the Investor Limited Partner has discovered and/or has occurred since the date of the Closing and is reasonably required to evidence the fulfillment of the conditions precedent for the portion of the Investor Limited Partner Contribution and State Housing Limited Partner Contribution to be made at that time.

(ii) With respect to the funding of each installment of the Investor Limited Partner Contribution described in Sections 3.4B and 3.4C and each installment of the State Housing Limited Partner Contribution described in Sections 3.3B(ii) and 3.3B(iii) hereof:

(a) An estoppel certificate from the holder of each Mortgage and all applicable governmental agencies, dated no earlier than thirty (30) days prior to such Subsequent Closing Date;

(b) An unaudited balance sheet of the Partnership, dated no earlier than thirty (30) days prior to such Subsequent Closing Date, certified by the General Partners as true, complete and correct; and

(c) Executed and recorded Extended Use Agreement; provided however, if a recorded copy is not yet available, evidence of submission of the executed Extended Use Agreement for recording.

The General Partners must promptly notify the Administrative Limited Partner, the Investor Limited Partner and the State Housing Limited Partner if the General Partners and/or the Guarantors become aware of the existence of any fact or circumstance which makes untrue or misleading in any material respect any of the statements or information contained in and/or covered by the Subsequent Closing Documents. After the General Partners have delivered or caused to be delivered on behalf of themselves and the Partnership the Subsequent Closing Documents, and so long as the certifications set forth in the Subsequent Closing Certificate are true, complete and correct at such time, the Investor Limited Partner shall deliver at each Subsequent Closing for the account of the Partnership that installment of the Investor Limited Partner Contribution and the State Housing Limited Partner shall deliver at each Subsequent Closing for the account of the Partnership that installment of the State Housing Limited Partner Contribution payable on the applicable Subsequent Closing Date.

The Investor Limited Partner and/or the Administrative Limited Partner and the State Housing Limited Partner shall have twenty (20) days with respect to the Subsequent Closing for the payment of the installment of the Investor Limited Partner Contribution described in Sections 3.4B and 3.4C hereof and the installment of the State Housing Limited Partner Contribution described in Sections 3.3B(ii) and 3.3B(iii) hereof (such twenty (20) days is hereinafter referred to as the "Response Period") after receipt of (A) a written request from the General Partners for the payment of the installment of the Investor Limited Partner Contribution and State Housing Limited Partner Contribution corresponding to such Subsequent Closing, and (B) copies of what the General Partners believe to be all of the Subsequent Closing Documents required at such Subsequent Closing, to send a notice (a "Deficiency Notice") to the General Partners stating the reasons why any of such Subsequent Closing Documents do not satisfy the requirements set forth above and/or that there is additional information reasonably required by Investor Limited Partner and/or the Administrative Limited Partner and/or the State Housing Limited Partner to verify the accuracy and/or completeness of such Subsequent Closing Documents. If no written request for the funding of an installment of the Investor Limited Partner Contribution or the State Housing Limited Partner is made by the General Partners in accordance with this paragraph, neither the Investor Limited Partner nor the State Housing Limited Partner shall have an obligation to fund the installment of the Investor Limited Partner Contribution or the State Housing Limited Partner Contribution, as the case may be. If a Deficiency Notice is sent to the General Partners and the General Partners respond, the Investor Limited Partner and/or the Administrative Limited Partner and/or the State Housing Limited Partner shall have twenty (20) business days to approve the Subsequent Closing Documents and, if applicable, any supplemental or additional documentation and/or other information provided by or for the benefit of the General Partners. If the Investor Limited Partner, the Administrative Limited Partner or the State Housing Limited Partner fails to send a Deficiency Notice within the applicable Response Period, the Subsequent Closing Documents shall be deemed approved and the applicable installment of the Investor Limited Partner Contribution or State Housing Limited Partner Contribution, as the case may be, shall be due and payable within twenty (20) days after the date on which the Investor Limited Partner and State Housing Limited Partner received such Subsequent Closing Documents and any supplemental or additional documentation and other information from the General Partners.

#### Section 3.12      Payment.

A.      The portion of the Investor Limited Partner Contribution and the State Housing Limited Partner Contribution due to be paid at the Closing or any Subsequent Closing shall be paid either by a cashier's check or by federal funds wired or otherwise transferred to a federally insured bank account of the Partnership, as directed by the Partnership by a written

notice to the Investor Limited Partner and the State Housing Limited Partner at least three (3) business days prior to the Closing or Subsequent Closing.

B. In the event the Investor Limited Partner fails to contribute any installment of the Investor Limited Partner Contribution following full satisfaction of each condition precedent thereto in accordance with the terms of this Agreement, and such failure continues for a period of thirty (30) days after delivery of notice of such failure to the Investor Limited Partner, the General Partners may cause the Partnership to pursue all rights and remedies available at law. The General Partners shall have no rights or remedies accruing on their own behalf pursuant to this Section 3.12. Without limiting the generality of the foregoing, neither the Investor Limited Partner, nor any of its partners (general or limited) or members, shall have any personal liability with regard to the covenants or obligations undertaken by the Investor Limited Partner under this Agreement. In the event the Investor Limited Partner shall be in default under any of the terms of this Agreement, the sole recourse of any party hereto for any obligations due hereunder or any damages resulting from such default shall be against the Interest of the Investor Limited Partner; provided, however, that nothing herein shall be construed as a pledge to the Partnership or the General Partners or any other Person of a security interest in the Interest of the Investor Limited Partner.

C. In the event the State Housing Limited Partner fails to contribute any installment of the State Housing Limited Partner Contribution following full satisfaction of each condition precedent thereto in accordance with the terms of this Agreement, and such failure continues for a period of thirty (30) days after delivery of notice of such failure to the State Housing Limited Partner, the General Partners may cause the Partnership to pursue all rights and remedies available at law. The General Partners shall have no rights or remedies accruing on their own behalf pursuant to this Section 3.12. Without limiting the generality of the foregoing, neither the State Housing Limited Partner, nor any of its partners (general or limited) or members, shall have any personal liability with regard to the covenants or obligations undertaken by the State Housing Limited Partner under this Agreement. In the event the State Housing Limited Partner shall be in default under any of the terms of this Agreement, the sole recourse of any party hereto for any obligations due hereunder or any damages resulting from such default shall be against the Interest of the State Housing Limited Partner; provided, however, that nothing herein shall be construed as a pledge to the Partnership or the General Partners or any other Person of a security interest in the Interest of the State Housing Limited Partner.

Section 3.13      Intentionally Deleted.

Section 3.14      Intentionally Deleted.

Section 3.15      Deficit Restoration Obligation Election.

A. The Investor Limited Partner may, prior to the time prescribed by law for filing of the Partnership's federal income tax return for any Fiscal Year (not including extensions), elect to be unconditionally obligated to restore all or a portion of any deficit in the Investor Limited Partner's Capital Account upon liquidation of its Interest in the Partnership. Any such election shall be evidenced by written notice to the General Partners, delivered prior to such time, specifying the amount of any deficit for which the Investor Limited Partner elects a deficit restoration obligation. Any amount owing pursuant to a deficit restoration obligation shall be payable upon the later of (a) the end of the Fiscal Year in which Investor Limited Partner's Interest is liquidated or (b) ninety (90) days after the date of such liquidation.

B. The amount of any such election shall automatically be reduced to the extent the deficit in the Investor Limited Partner's Capital Account (after reduction for the items described in (4), (5) and (6) of Section 1.704-1(b)(2)(ii)(d) of the Regulations) is subsequently reduced or eliminated as of the end of the Partnership's taxable year without affecting the validity of prior allocations. If an allocation or distribution thereafter increases the deficit in the Investor Limited Partner's Capital Account, unless the Investor Limited Partner elects otherwise under (i) below, the Investor Limited Partner will be obligated to restore the deficit only to the extent of the lesser of (i) the deficit amount the Investor Limited Partner has previously elected to restore or (ii) the smallest deficit balance in the Investor Limited Partner's Capital Account (after reduction for the items described in (4), (5) and (6) of Section 1.704-1(b)(2)(ii)(d) of the Regulations) as of the end of the Partnership's taxable year subsequent to the taxable year for which the election was made in Section 9.1A hereof. For purposes of determining the amount referred to in (ii), the income, gain, losses and deductions of the Partnership shall be allocated under an interim closing of the books method.

#### ARTICLE 4

##### CONSTRUCTION OF THE APARTMENT COMPLEX; DEVELOPMENT DEFICITS; OPERATING DEFICITS; RESERVES

Section 4.1 Construction of the Apartment Complex. The Administrative General Partner shall perform all functions necessary or advisable for the Construction and guarantee (a) Construction will commence within thirty (30) days of the Closing Date, and (b) Completion on or before the Completion Date set forth in the Schedule. In the event that the Administrative Limited Partner shall give notice to the Administrative General Partner (with a copy to the State Housing Limited Partner) that the Administrative Limited Partner has reasonably determined that Completion is unlikely to occur by the Completion Date, then on the 30th day following the date on which such notice is given the Administrative General Partner shall be in default hereunder unless, within said thirty (30) day period, the Administrative General Partner shall have taken all steps necessary to assure, to the reasonable satisfaction of the Administrative Limited Partner, that Completion will in fact occur by the Completion Date.

Section 4.2 Development Deficits. The Administrative General Partner hereby covenants that it will pay any Development Deficits and shall cause Rental Achievement to occur by [November 1], 2023. Any payments required pursuant to this Section 4.2 shall be made and funded on a current basis in fulfillment of the obligation of the Administrative General Partner to the Partnership, the Investor Limited Partner, the Administrative Limited Partner, and the State Housing Limited Partner, and shall be deemed a payment to the Partnership by the Administrative General Partner in the nature of a compromise and shall not be credited to the Capital Account of the Administrative General Partner. Notwithstanding the foregoing, the Administrative General Partner shall be entitled to advance sums for completion of Construction and shall be entitled to the repayment of such advances without interest to the extent that there are proceeds of the Mortgage Loans, the Investor Limited Partner Contribution or the State Housing Limited Partner Contribution available, after paying all other obligations of the Partnership incurred in connection with such Construction and the establishment of all required reserves or escrow accounts under the Project Documents, to repay such advances. Any such advances which are not so repaid shall be deemed a payment to the Partnership by the Administrative General Partner in the nature of a compromise, shall not be credited to the Capital Account of the Administrative General Partner and shall not be repayable. The repayment of any borrowings arranged by the Administrative General Partner to fund its obligations under this Section 4.2 shall be the sole obligation of the Administrative General Partner.

Section 4.3 Operating Deficits. The Administrative General Partner hereby covenants to lend to the Partnership any Operating Loans required to fund Operating Deficits incurred by the Partnership during the Operating Deficit Guaranty Period, provided that the principal balance outstanding at any particular time of the loans required hereunder need not exceed the maximum amount of the greater of (i) \$[AMOUNT of 12 months OERDS as shown in Alliant's underwriting] or (ii) six (6) months of Expenditures, including, but not limited to, required debt service payments, operating expenses, and required replacement reserves, which amount shall be determined with the Consent of the Administrative Limited Partner. The requirement of the Administrative General Partner to fund Operating Loans shall be subject to Sections 5.5B(ii) and 6.10A hereof. Any Operating Loans required pursuant to this Section 4.3 shall be made and funded by the Administrative General Partner when the operating obligations of the Partnership giving rise to the Operating Deficit are due (or, if no due date is specified, by the earlier of (a) the end of the calendar year in which incurred, or (b) within thirty (30) days after presentation to the Partnership of each underlying invoice for such operating obligations) in fulfillment of the obligation of the Administrative General Partner to the Partnership, the Investor Limited Partner, the Administrative Limited Partner and the State Housing Limited Partner. Notwithstanding the foregoing, in no event shall the Administrative General Partner make an Operating Loan to pay for an Operating Deficit that would pay any unpaid management fee to the Management Agent, however, any such unpaid management fee shall accrue and be payable from available Cash Flow in accordance with Sections 8.2 and 9.2A hereof. In the event payments due hereunder are not paid by the Administrative General Partner within ten (10) days, the Partnership, the Investor Limited Partner, the Administrative Limited Partner and/or the State Housing Limited Partner (the "Advancing Party"), has the right but not the obligation, to advance any such amounts required to be paid by the Administrative General Partner (provided that no such advance shall be deemed to cure the default by the Administrative General Partner in making such payment). Such advances shall at the election of the Advancing Party be deemed a loan to the Administrative General Partner and, in addition to all other rights and remedies available to the Advancing Party, the Administrative General Partner shall reimburse the Advancing Party the full amount of such funds advanced by it plus interest in such amount from the date so advanced at a rate per annum equal to the Interest Rate. In the event there is any Cash Flow and/or Sale or Refinancing Transaction Proceeds which would otherwise be payable to the General Partners pursuant to Section 9.2A or Section 9.2B hereof, the Partnership shall first apply such funds to any unpaid amounts owed the State Housing Limited Partner, Administrative Limited Partner and/or the Investor Limited Partner as the Advancing Party hereunder.

Section 4.4 Operating Deficit Reserve Account. The Administrative General Partner shall establish and at all times maintain an operating deficit reserve (the "Operating Deficit Reserve Account") in an amount (the "Operating Reserve Amount") equal to the greater of \$[490,195.00], or an amount equal to 3 months of operating expenses, required debt service payments and required reserve payments (other than the funding of the Operating Reserve Amount), which amount shall be determined in connection with the calculation of Rental Achievement. The Operating Reserve Amount shall be funded in full from the Investor Limited Partner Contribution made pursuant to Section 3.4B hereof. The Operating Deficit Reserve Account shall be held in a dual signature bank account of the Partnership requiring the signature of the Administrative General Partner and the Administrative Limited Partner. The Administrative General Partner shall be entitled to withdraw funds from such account to fund operating expenses required from time to time, any time after the Operating Deficit Guaranty Period has expired or prior thereto if the Administrative General Partner has made Operating Loans in the required amount set forth in Section 4.3 hereof; provided, however, that the Administrative Limited Partner shall approve any expenditures from such account (with a copy to the State Housing Limited Partner). Any funds withdrawn from the Operating Deficit Reserve Account in accordance

herewith shall be replenished out of Cash Flow in accordance with the priorities set forth in Section 9.2A hereof. Notwithstanding anything else set forth herein, provided there is no uncured Major Default hereunder, the Administrative General Partner shall be entitled to draw not more than fifty percent (50%) of the Operating Reserve Amount during the Operating Deficit Guaranty Period prior to making any Operating Loans pursuant to Section 4.3.

Section 4.5      Replacement Reserve. Commencing in the month following the month in which Completion occurs, unless required sooner by any Lender, the General Partners shall set aside, in a separate Partnership bank account, a repair and replacement reserve (the "Replacement Reserve Account"), to be funded on a monthly basis at an annual rate equal to the greater of (a) \$300.00 per apartment unit (which annual rate shall be adjusted, on January 1 of each year to equal the product of \$300.00 (or such previously adjusted amount if greater than \$300.00 multiplied by 3%), or (b) that required by the Permanent Lenders. With the Consent of the Administrative Limited Partner, the General Partners may withdraw funds from such account to fund capital expenditures and effectuate repairs and replacements required from time to time, and the Administrative Limited Partner shall promptly provide the State Housing Limited Partner with evidence of any such approved withdrawals.

## ARTICLE 5

### RIGHTS, POWERS AND OBLIGATIONS OF THE GENERAL PARTNERS AND LIMITATIONS THEREON

#### Section 5.1      Exercise of Management.

A.      The overall management and control of the business, assets and affairs of the Partnership shall be vested in the General Partners and, subject to the specific limitations and restrictions set forth in this Article 5, the General Partners, in extension of and not in limitation of the powers given them by law, shall have full, exclusive and complete charge of the management of the business of the Partnership in accordance with its purpose stated in Section 2.5 hereof, except as otherwise set forth in this Agreement. The General Partners shall be under a fiduciary duty to conduct and manage the affairs of the Partnership in a prudent, businesslike and lawful manner and shall devote such part of their time to the affairs of the Partnership as shall be necessary and appropriate to pursue the business and carry out the purposes of the Partnership as contemplated in this Agreement. The General Partners shall use best efforts and exercise good faith in all activities related to the business of the Partnership.

B.      If at any time more than one Person constitutes the General Partners, then the General Partners shall act by vote of all such Persons. Each obligation of the General Partners under this Agreement shall be the joint and several obligation of each General Partner and each such obligation shall survive any withdrawal of a General Partner pursuant to Article 11 hereof.

C.      Any General Partner, to the extent of its authorization, may from time to time, by an instrument in writing, delegate all or any of its powers or duties hereunder to another General Partner. Such writing shall fully authorize such other General Partner to act alone without requirement of any other act or signature of the delegating General Partner, to take any action of any type and to do anything and everything which the delegating General Partner may be authorized to take or do hereunder except insofar as said delegation may be limited to certain acts or activities; provided, however, that any such delegation shall not relieve the delegating General Partner of its obligations or liabilities under this Agreement.

D. In the event of any dispute, litigation, proceeding, arbitration or claim between the General Partners or their Affiliates, the Administrative General Partner shall indemnify, defend, protect and hold harmless the Partnership and the Limited Partners (including the State Housing Limited Partner) from any and all claims, liabilities, damages, losses, actions, causes of action, suits, penalties, fines, costs and expenses, including, without limitation, investigating and defending any claims and lawsuits and settlement thereof, and legal and accounting costs incurred in connection therewith, which may be made or imposed on the Partnership or the Limited Partners (including the State Housing Limited Partner) by reason of such dispute, litigation, proceeding, arbitration or claim.

E. The owner of all of the outstanding membership interests in the Administrative General Partner is Cyrus Youssefi (the "AGP Owner"). Without the prior Consent of the Administrative Limited Partner, there shall be no sale, assignment, transfer or other disposition of the AGP Owner's interests in the Administrative General Partner. The Managing General Partner has no members or shareholders.

F. Subject to the provisions of this Agreement, the Managing General Partner shall be the "managing general partner" of the Partnership, as such term is used in Section 214(g) of the RT Code, and as further defined in the rules and regulations ("Property Tax Rules") of the California Board of Equalization (the "BOE"). Except as otherwise set forth in this Agreement, the Managing General Partner, within the authority granted to it under this Agreement, shall have material participation in the control, management and direction of the Partnership's business for the purposes stated herein, and shall manage and control the affairs of the Partnership to the best of its ability and use its best efforts to carry out the purpose of the Partnership. The Managing General Partner shall devote such of its time as is necessary to the affairs of the Partnership. The Managing General Partner shall ensure that the Apartment Complex and the operation thereof at all times comply and are in conformance with Sections 4(b) and 5 of Article XIII of the Constitution of the State of California and Section 214, 254 and 259.5 of the California Revenue and Taxation Code, as amended. The Managing General Partner shall apply for, use best efforts to obtain and maintain the Welfare Tax Exemption for the Apartment Complex, and any savings to the Partnership and the Apartment Complex attributable to the Welfare Tax Exemption shall be used in accordance with Section 214 of the Code and this Agreement. Each of the Administrative General Partner and the Limited Partners (including the State Housing Limited Partner) hereby certifies that neither they, nor their officers, directors, partners or members, either individually or collectively, have a controlling vote or majority interest in the Managing General Partner.

G. In the event this Agreement provides for an action on the part of the General Partners requiring a vote of a majority in interest of the General Partners to effectuate such action ("Major Decision"), the General Partners shall each vote on such matter in accordance with their ownership percentage. A General Partner requesting a vote on a Major Decision shall give the other General Partners written notice of any Major Decision and the other General Partners shall provide their approval or disapproval of the Major Decision within fourteen (14) days after receipt of such notice unless an emergency event shall have occurred in which event the General Partner shall provide such notice as is reasonable under the circumstances.

H. Notwithstanding any provision of this Agreement to the contrary, during the Compliance Period the Managing General Partner (or its successor) shall Materially Participate in the development of the Apartment Complex and the operations of the Partnership. Throughout the Compliance Period, the Managing General Partner shall maintain its federal tax exempt status and take such other actions, if any, as may be required to qualify as a "qualified non-profit



organization” under Section 42(h)(5)(c) of the Code, and the Managing General Partner shall maintain its status as an eligible entity under Section 214(g) of the RT Code.

I. The Managing General Partner shall have the substantial management duties listed in this Section 5.11 (collectively, the “Substantial Management Duties”) on behalf of the Partnership:

- (i) coordinate all present and future construction of low-income housing property that is the subject of the Agreement;
- (ii) participate in hiring and overseeing the work of all persons necessary to provide services for the management and operation of the Partnership;
- (iii) execute and deliver all Partnership documents on behalf of the Partnership;
- (iv) execute and enforce all contracts executed by the Partnership;
- (v) monitor compliance with all government regulations and files or supervise the filing of all required documents with government agencies;
- (vi) ensure charitable services or benefits, such as vocational training, educational programs, childcare and after-school programs, cultural activities, family counseling, transportation, meals, and linkages to health and/or social services are provided or information regarding charitable services or benefits are made available to the low-income housing tenants of the Apartment Complex;
- (vii) rent, maintain and repair the Apartment Complex, or if such duties are delegated to the Management Agent, participate in hiring and overseeing the work of the Management Agent; and
- (viii) prepare or cause to be prepared all reports to be provided to the Partners or Lenders on a monthly, quarterly, or annual basis consistent with the requirements of this Agreement.

J. The Managing General Partner may delegate all or any of its Substantial Management Duties hereunder to the Administrative General Partner. The Administrative General Partner may, under supervision of the Managing General Partner, perform any Substantial Management Duties for the Partnership as the Managing General Partner may approve; provided, however, such delegation does not excuse the Managing General Partner from overseeing and supervising on an ongoing basis the Substantial Management Duties delegated. The Managing General Partner may not delegate any of its Substantial Management Duties hereunder to a party other than the Administrative General Partner without the prior written consent of the Administrative General Partner. If the Managing General Partner elects to delegate one or more of its Substantial Management Duties, the Managing General Partner shall retain such records as are reasonably required to demonstrate that it is actually supervising the performance of the delegated Substantial Management Duties. Notwithstanding the foregoing, the Managing General Partner shall delegate the following Substantial Management Duty to the Administrative General Partner: renting, maintaining and repairing the Apartment Complex, or if

such duties are further delegated to the Management Agent, participating in hiring and overseeing the work of the Management Agent.

K. The Managing General Partner shall annually conduct a physical inspection of the Apartment Complex to ensure that the Apartment Complex is being used as a low-income housing project meeting all the requirements of the BOE and the Property Tax Rules for the Welfare Tax Exemption.

L. The Managing General Partner shall submit on an annual basis a certification to the county assessor for Sacramento County that the Apartment Complex meets all of the requirements set forth in the Property Tax Rules applicable to the Welfare Tax Exemption.

M. The Managing General Partner will maintain records and documents evidencing the duties performed by the Managing General Partner ("Management Documents"). Such records and documents may include, but are not limited to:

- (i) accounting books and records;
- (ii) tax returns;
- (iii) budgets and financial reports;
- (iv) reports required by lenders;
- (v) documents related to the construction of the Apartment Complex;
- (vi) legal documents such as contracts, deeds, notes, leases and  
deeds of trust;
- (vii) documents related to complying with government regulations and  
filings;
- (viii) documents related to property inspections;
- (ix) documents related to charitable services or benefits provided or  
the information provided regarding such services or benefits;
- (x) reports prepared for the Partners;
- (xi) bank account records;
- (xii) annual financial statement of the Partnership; and
- (xiii) the property management agreement for the Apartment Complex.

To the extent that any such Management Documents are not within the control or possession of the Managing General Partner, the Administrative General Partner agrees to provide or cause to be provided copies of such documents to the Managing General Partner upon written request from the Managing General Partner. The Administrative General Partner and the Limited Partners shall have the right upon two (2) business days' notice, during reasonable business hours, to inspect all records and documents maintained by the Managing General Partner.

N. Notwithstanding anything in this Agreement to the contrary, the Managing General Partner shall have no authority or power to take any action that would cause the Administrative General Partner or any guarantor with respect to any debt financing for the Apartment Complex to have any additional liability or increased liability under this Agreement or any guaranty entered into in connection with any such Property financing agreement, unless such affected party provides its prior written consent.

O. If (i) the Managing General Partner shall become unable to serve in such capacity, or (ii) the Managing General Partner shall cease to qualify as a charitable organization under Section 501(c)(3) of the Code, or (iii) upon the occurrence of a Major Default, with respect to the Managing General Partner, the Administrative General Partner, with the Consent of the Administrative Limited Partner, which consent (except in the case of a Major Default) shall not be unreasonably withheld or delayed, but may be conditioned in any manner deemed reasonably necessary by the Administrative Limited Partner, shall designate a substitute Managing General Partner. In such event, all rights, powers and interests of the Managing General Partner in, to and in connection with the Partnership and in, to and in connection with the Apartment Complex shall automatically be transferred to such successor Managing General Partner. The Managing General Partner shall thereupon cease to be a Partner and shall cease to have any rights and obligations under or with respect to this Agreement or any related agreement, as then in effect. To the extent that certain duties and obligations hereunder are specifically allocated to the Administrative General Partner, the Managing General Partner shall have no obligation to perform, nor any liability for, those duties and obligations

## Section 5.2 Authority and Duties of General Partners.

A. Except as otherwise set forth in this Agreement, the General Partners are hereby fully authorized to take any action of any type and to do anything and everything which a general partner of a limited partnership organized under the Uniform Act may be authorized to take or do thereunder, and specifically, without limitation of such authority, to execute, sign, seal and deliver in the name and on behalf of the Partnership:

(i) Any note, mortgage or other instrument or document in connection with any Mortgage, Mortgage Note or any Governmental Agreement, and all other agreements, contracts, certificates, instruments and documents required by any Credit Agency and/or any Lender in connection therewith or with the acquisition, improvement, operation or leasing of the Apartment Complex or otherwise required by any Credit Agency and/or any Lender; provided that the foregoing shall be subject to the provisions of Sections 5.5B(ii), 5.9C and 6.10A hereof;

(ii) Any deed, lease, mortgage note, bill of sale, contract or any other instrument purporting to convey or encumber the real or personal property of the Partnership;

(iii) Any rent supplement, leasing or other contract or agreement providing for public or non-public financial assistance, directly or indirectly, to tenants of the Apartment Complex;

(iv) Any and all agreements, contracts, documents, certificates and instruments whatsoever involving the acquisition, improvement, management, maintenance, leasing or operation of the Apartment Complex, including the employment of such Persons as may be necessary therefor; and

(v) Any and all instruments, agreements, contracts, certificates and documents requisite to carrying out the intention and purpose of this Agreement, including, without limitation, the filing of all business certificates, this Agreement and all amendments thereto, and documents required pursuant to the Project Documents or by any Credit Agency and/or any Lender in connection with any financing.

B. Every contract, agreement, certificate, document or other instrument executed by a General Partner shall be conclusive evidence in favor of every Person relying thereon or claiming thereunder that, at the time of the delivery thereof: (i) the Partnership was in existence; (ii) that this Agreement had not been terminated or canceled or amended in any manner so as to restrict such authority (except as shown in any instrument duly filed in the Filing Office); and (iii) that the execution and delivery thereof was duly authorized by the General Partners. Any Person dealing with the Partnership or a General Partner may always rely on a certificate signed by a General Partner: (i) as to the identity of the Partners; (ii) as to the existence or nonexistence of any fact or facts which constitute conditions precedent to acts by any General Partner or are in any other manner germane to the affairs of the Partnership; (iii) as to who is authorized to execute and deliver any instrument, contract, agreement, certificate or document for the Partnership; (iv) as to the authenticity of any copy of this Agreement and amendments thereto; or (v) as to any act or failure to act by the Partnership or as to any other matter whatsoever involving the Partnership or the Apartment Complex.

C. The General Partners shall devote to the Partnership such time as may be necessary for the proper performance of the duties of the General Partners. The General Partners shall have the fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in their immediate possession or control. The General Partners shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Partnership. The signature of a General Partner shall be needed on any instrument, document or agreement to bind the Partnership, and third parties may rely fully on any such instrument, document or agreement signed by a General Partner. The General Partners are authorized and directed to:

(i) Take all action that may be necessary or appropriate to carry out the purposes of the Partnership as described in this Agreement;

(ii) Make inspections of the Apartment Complex and assure that the Apartment Complex is being properly maintained and necessary repairs are being made;

(iii) Prepare or cause to be prepared in conformity with good business practice all reports required to be furnished to the Partners or required by taxing bodies or other governmental agencies;

(iv) Cause the property of the Partnership at all times to be insured in a manner similar to other property of like kind in the same locality and in such amounts and on such terms as will fully and adequately protect the Partnership (provided that such insurance must be in an amount at least sufficient to repair and rebuild the Apartment Complex under the circumstances and in the manner described in Section 5.12 hereof), including (if customary for properties in the vicinity of the Apartment Complex) wind insurance;

(v) Obtain and maintain in force or cause to be obtained and maintained in force Worker's Compensation Insurance and such other insurance as may be required by applicable law or governmental regulation;

(vi) Obtain and maintain in force or cause to be obtained and maintained in force adequate public liability insurance, the amount of coverage to be at least \$2,000,000 per occurrence, together with any and all insurance required pursuant to the Insurance Requirements attached hereto as Exhibit L;

(vii) Comply with the construction budget delivered to the Limited Partners (including the State Housing Limited Partner) or enforce compliance with the Construction Agreements;

(viii) Promptly report to the Limited Partners (including the State Housing Limited Partner) any (A) material variance from the qualification standards for Housing Credits, or (B) failure to comply with the Governmental Agreements;

(ix) Comply with all laws, rules, regulations, settlements, directives or other requirements imposed on the Apartment Complex or the Partnership by the Credit Agency or any other governmental authority with jurisdiction over the Apartment Complex, including, without limitation, any such laws, rules, regulations, settlements, directives or other requirements relating to Hazardous Substances;

(x) Not permit Hazardous Substances to exist, migrate, be generated, manufactured, treated, stored, or disposed of, at, on or under the Apartment Complex;

(xi) Maintain, or cause the Management Agent to maintain, in a separate bank account for the benefit of the Partnership all security deposits collected from tenants which shall not be used for any other purpose relating to the Apartment Complex; and

(xii) Do all other things (subject to the restrictions contained herein) that may be necessary or desirable in order to properly and efficiently administer and carry on the affairs, assets and business of the Partnership, including, but not limited to, the execution of all conveyances, deeds, notes, mortgages and other documents, and to act in a fiduciary capacity to the Interests of the Limited Partners (including the State Housing Limited Partner).

D. The General Partners shall cause the Apartment Complex to be constructed, operated and managed in such a manner that (i) the Apartment Complex complies with all Project Documents (including but not limited to those requiring the provision of such tenant services programs and amenities as described in the applications submitted by or for the benefit of the Partnership in connection with the Housing Credits (including, without limitation, the Partnership's application with the Credit Agency) and the Mortgage Loans (including, without limitation, the Tax-Exempt Note)), and (ii) the Apartment Complex will be eligible to receive the full amount of the Projected Housing Credits or the Revised Projected Housing Credits, as applicable, with respect to 100% of the Tax Credit Apartment Units. To that end, the General Partners agree, without limitation, to make all elections necessary under Section 42 of the Code (including those requested by the Administrative Limited Partner) and the State Housing Credit Act to allow the Partnership or its Partners to claim the Housing Credits, to enter into the Extended Use Agreement, and to satisfy the requirements of Sections 42(m)(1)(D) and (2)(D) of the Code, to operate the Apartment Complex and cause the Management Agent to manage the Apartment Complex so as to comply with the requirements of Section 42 of the Code, including Sections 42(g) and (i)(3) of the Code, and to make all certifications required by Section 42(l) of the Code, and to operate the Apartment Complex at all times in compliance with the requirements of the Project Documents.

E. The General Partners agree that they shall prepare or cause to be prepared an annual budget in connection with the operations of the Apartment Complex for the succeeding Fiscal Year of the Partnership and shall deliver the same to the Administrative Limited Partner and the State Housing Limited Partner not later than November 1 of the Fiscal Year preceding the Fiscal Year to which such budget relates. Such budget shall not be adopted until the Administrative Limited Partner shall have approved the same in writing. If the General Partners and the Administrative Limited Partner are unable to agree on a budget, then (i) the General Partners can operate the Partnership using the most current budget, and (ii) the General Partners and the Administrative Limited Partner shall cooperate in good faith to resolve such dispute and, if unable to do so, submit the same to binding arbitration as expeditiously as practical. Notwithstanding anything to the contrary contained herein, the Partnership shall not make any expenditure of funds, or commit to make any such expenditure (other than in response to an emergency), except as provided for in an annual budget so approved by the Administrative Limited Partner or if such expenditure or commitment, individually and together with all of the other unapproved expenditures and commitments for such Fiscal Year, does not represent a material deviation from the annual budget approved for the previous Fiscal Year and is for a purpose consistent with the provisions of this Agreement.

F. In addition to the duties and obligations of the General Partners as set forth in this Agreement, and in consideration for their Interests in the Partnership, the General Partners shall perform the following services for the Partnership:

(i) In connection with the syndication and sale of the Limited Partners' Interests to the Limited Partners, the General Partners shall (a) provide the Limited Partners with all relevant information, including, without limitation, the Due Diligence Documents, (b) prepare a financial plan to admit the Limited Partners, (c) conduct due diligence on behalf of the Partnership in connection with the admission of the Limited Partners, and (d) prepare required disclosure documents related to the admission of the Limited Partners in compliance with all federal, State and local securities laws, if applicable (as used in this Section 5.2F(i), "Limited Partner" shall include the State Housing Limited Partner);

(ii) In connection with the permanent financing of the Apartment Complex, the General Partners shall (a) obtain and negotiate the Permanent Loan Commitments, (b) provide relevant information to the Lenders in connection with the Permanent Loan Commitments, (c) coordinate all Mortgage Loan closings, and (d) monitor the Partnership's compliance with the requirements of each Mortgage Loan during the term of each such Mortgage Loan;

(iii) In connection with the Partnership's acquisition of the Land, the General Partners shall (a) negotiate the purchase agreement with the seller of the Land, (b) act as agent of the Partnership in all dealings with federal, State and local governmental authorities with respect to the Apartment Complex, (c) monitor the Partnership's compliance with zoning, land-use and other applicable local governmental requirements, and (d) prepare, or cause to be prepared, such third party studies as it deems necessary in connection with the Partnership's acquisition of the Land; and

(iv) File such certificates and do such other acts as may be required to qualify and maintain the Partnership as a limited partnership under the Uniform Act and to qualify the Partnership to transact business in all such jurisdictions as may be required under applicable provisions of law and take or cause the Partnership to take all reasonable steps deemed

necessary by counsel to the Partnership to assure that the Partnership is at all times classified as a partnership for federal income tax purposes.

G. Each of the General Partners, to the extent applicable, hereby transfers and assigns to the Partnership all of its right, title and interest in and to the Apartment Complex, including the following:

(i) All contracts with architects, contractors and supervising architects with respect to the development of the Apartment Complex;

(ii) All plans, specifications and working drawings, heretofore prepared or obtained in connection with the Apartment Complex and all governmental approvals obtained, including planning, zoning and building permits;

(iii) Any and all commitments with respect to any Mortgage Loan and the Housing Credits;

(iv) Any and all rights under and pursuant to the Project Documents;  
and

(v) Any other work product related to the Apartment Complex.

H. The Managing General Partner shall (upon receipt of all documentation reasonably requested of the Administrative General Partner) apply for, use best efforts to obtain, and maintain the Welfare Tax Exemption for the Apartment Complex, and any savings to the Partnership and the Apartment Complex attributable to the Welfare Tax Exemption shall be used in accordance with Section 214(g) of the RT Code, as amended, and this Agreement.

#### Section 5.3 Delegation of General Partner Authority; Partnership Representative.

A. Each of the General Partners may delegate all or any of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under the supervision of the General Partners, perform any acts or services for the Partnership as the General Partners may approve and in accordance with the terms of this Agreement, provided, however, such delegation shall not relieve the General Partners of any of their obligations hereunder.

#### B. Partnership Representative.

(i) Appointment and Designation. The Partners hereby authorize the Partnership to appoint the Administrative General Partner as the initial partnership representative of the Partnership pursuant to Section 6223(a) of the Code (the "Partnership Representative") for each taxable year of the Partnership. The Partnership Representative shall have a fiduciary obligation to perform its duties in such manner as will serve the best interests of the Investor Limited Partner and the State Housing Limited Partner. The Partnership Representative shall designate an individual to serve as the sole individual through whom the Partnership Representative will act for purposes of the Revised Partnership Audit Rules (the "Designated Individual") with the Consent of the Administrative Limited Partner. The Designated Individual must agree in writing to be bound by the same obligations and restrictions imposed on the Partnership Representative under this Section 5.3 prior to and as condition of such designation. The Administrative Limited Partner shall have the right to consent to any tax counsel or

accountants engaged to represent the Partnership in connection with any audit or investigation by the IRS or any other taxing authority or subsequent administrative and judicial proceedings.

(ii) Revocation. If directed by the Administrative Limited Partner or if the Administrative General Partner is removed pursuant to the provisions of Section 11.4, or is voluntarily or involuntarily Withdrawn, the Partnership shall revoke the designation of the Administrative General Partner as the Partnership Representative for all taxable years during which such designation was in effect by written notice to the Partnership Representative and the IRS and designate another person selected by the Administrative Limited Partner as the successor Partnership Representative. The Person so designated must agree in writing to be bound by the terms of this Section 5.3B. The Designated Individual shall automatically terminate on the effective date of the resignation or revocation of the designated Partnership Representative. In furtherance hereof, the Administrative General Partner hereby irrevocably appoints the Administrative Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of carrying out fully the provisions of this Section 5.3(B)(ii) and taking any action which the Administrative Limited Partner may deem necessary or appropriate in connection therewith. The power of attorney hereby granted shall be deemed to be coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent incapacity, dissolution, resignation, revocation or other termination of the Administrative General Partner as the Partnership Representative.

(iii) Notice of Communications. The Partnership Representative shall give the Partners prompt notice of any inquiry, notice, or other communication received from the IRS or other applicable tax authority regarding the tax treatment of the Partnership or the Partners, and shall, to the extent possible, give the Partners prior notice of and a reasonable opportunity to review and comment upon any written communication the Partnership Representative intends to make to any such taxing authority in connection with any examination, audit or other inquiry involving the Partnership. Without limiting the generality of the foregoing, the Partnership shall send to all of the Partners copies of any notice of a proposed or final adjustment to any item of income, gain, loss, deduction or credit of the Partnership, or any Partner's distributive share thereof (a "Partnership Adjustment") received by the Partnership and/or the Partnership Representative from the IRS within five (5) days following receipt thereof.

(iv) Duties and Limitations on Authority. The Partnership Representative and any Designated Individual shall have all power and authority of a partnership representative and designated individual, respectively, as set forth in Section 6223 of the Code, and shall represent the Partnership and its Partners in all dealings with the IRS and state and local taxing authorities, provided, however, that, except as specifically provided in Section 5.3B(vi) below, the Partnership Representative shall not, without the Consent of the Administrative Limited Partner, have any power or authority to do any or all of the following:

- (a) make an "opt-out" election;
- (b) make a push-out election under Code Section 6226 (a "Push-Out Election");
- (c) file an administrative adjustment request under Code Section 6227;
- (d) select any judicial forum for the litigation of any Partnership tax dispute; or



(e) take any other action (or fail to take any action) that might reasonably be expected to require the payment of any taxes, including penalties, additions to tax, additional amounts, and interest as described in Section 6226 of the Code (“Taxes”), by the Partnership or the Investor Limited Partner, or otherwise have a material adverse impact on the tax or economic position of the Partnership or the Investor Limited Partner.

(v) Indemnification. To the extent of available funds, the Partnership shall indemnify the Partnership Representative against judgments, fines, amounts paid in settlement and expenses (including attorneys’ fees) reasonably incurred by the Partnership Representative in its capacity as the Partnership Representative, and not its capacity as a Partner or a Former Partner, in connection with any audit or administrative or judicial proceeding in which the Partnership Representative is involved solely by reason of being the Partnership Representative of the Partnership, provided that the same were not the result of negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement on the part of the Partnership Representative and were the result of a course of conduct which the Partnership Representative, in good faith, reasonably believed to be in the best interests of the Partnership and the Investor Limited Partner and within the scope of its authority under this Section 5.3B.

(vi) Modifications and Partnership Elections.

(a) If requested to do so by the Investor Limited Partner, the Partnership Representative shall timely request modification of an imputed underpayment (as defined in Section 6225 of the Code) (an “Imputed Underpayment”) in any proposed Partnership Adjustment in accordance with any applicable Treasury Regulations and procedures prescribed by the IRS. The Investor Limited Partner shall describe the factors that the Investor Limited Partner believes affect the calculation of the Imputed Underpayment in sufficient detail to substantiate the request for modification.

(b) If requested by the Investor Limited Partner, the Partnership Representative shall request a modification of an Imputed Underpayment based on an amended return filed by a Partner (or Indirect Partner) that takes account of all of the Partnership Adjustments properly allocable to such Partner (or Indirect Partner). Any such request shall be accompanied by an affidavit from the requesting Partner (or Indirect Partner) signed under penalties of perjury that the requesting Partner (or Indirect Partner) has filed each required amended return (or similar statement) and paid all Taxes due as a result of taking into account the adjustments in the first affected year and all modification years, as such terms are defined and applied in any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS.

(c) In lieu of filing an amended return in accordance with Section 5.3B(vi)(b) above, any Reviewed Year Partner may elect to comply with the “pull-in” procedure described in Section 6225(c)(2)(B) of the Code. In such event, such Reviewed Year Partner shall (x) pay all amounts due under Section 6225(c)(2)(A)(iii) of the Code, (y) take into account, in the form and manner set forth in the Code and Regulations, the adjustments to the tax attributes of such Reviewed Year Partner, and (z) provide, in the

form and manner specified by the IRS (including, if so specified, in the same form as on an amended return), such information as the IRS may require to carry out the terms and intent of the pull-in procedure described in Section 6225(c)(2)(B) of the Code. Copies of all notices and filings made pursuant to this Section 5.3B(vi)(c) shall be provided by the Reviewed Year Partner to the Partnership Representative.

(d) In the case of a Partnership Adjustment that reallocates the distributive share of any tax item from one Partner to another, the Partnership Representative shall be required to submit the modification request to the IRS under this Section 5.3B(vi) only if all Partners (or Indirect Partners) affected by such adjustment ("Affected Partners") provide the affidavit(s) described in clause (ii) above or the Partnership Representative is notified by the IRS that one or more Affected Partners have taken (or will take) into account their allocable share of the adjustment through other modifications approved by the IRS (such as, but not limited to, a closing agreement).

(e) If the Partnership receives notice of a final Partnership Adjustment from the IRS, if requested to do so by the Investor Limited Partner, the Partnership Representative shall make a Push-Out with respect to any Imputed Underpayments set forth in such notice. Except as hereinafter provided, if a Push-Out Election is made, each Reviewed Year Partner shall take into account its allocable share of the Partnership Adjustments that relate to the specified Imputed Underpayment and shall be liable for any Taxes. Notwithstanding the foregoing, to the extent permitted by law, any Reviewed Year Partner that is a partnership or S corporation may, at its option and in accordance with any applicable Treasury Regulations or other guidance prescribed by the IRS, elect (in lieu of paying its allocable share of such Partnership Adjustments) to push out the liability for Taxes attributable to such Partnership Adjustments to its Partners (including Indirect Partners). Any Push-Out Election shall be filed within forty-five (45) days of the date the notice of final Partnership Adjustment is mailed by the IRS and shall be in such form, and shall contain such information, as required by any applicable Treasury Regulations, forms, instructions and other guidance prescribed by the IRS. If a Push-Out Election is made, the Partnership Representative shall furnish to each Reviewed Year Partner and the IRS, for each Reviewed Year within sixty (60) days after the date all of the Partnership Adjustments to which the statement relates are finally determined, a statement that includes all items and information required under any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS.

(f) If the Partnership becomes obligated to make an Imputed Underpayment under Code Section 6225, each of the Partners (including any Former Partner) to whom such liability relates shall be obligated, within thirty (30) days after written notice from the Administrative General Partner, to pay an amount that, on an after-tax basis, is equal to its allocable share of such amount to the Partnership taking into account their respective obligations under this Agreement. Any amount not paid by a Partner (or Former Partner) within such 30-day period shall accrue interest at Prime

Rate plus 2% until paid. Any such payments made by any Partner or Former Partner shall be treated as indemnity payments and not as Capital Contributions.

(g) Notwithstanding anything to the contrary contained herein, the Administrative General Partner shall cause the Partnership to withhold from any distribution or payment due to any Partner (or Former Partner) under this Agreement any amount due to the Partnership under clause (f) above. Any amount(s) so withheld shall be applied by the Partnership to discharge the obligation in respect of which such amount was withheld. All amounts withheld pursuant to the provisions of this Section 5.3B(vi)(g) with respect to a Partner (or Former Partner) shall be treated as if such amounts were distributed or paid, as applicable, to such Partner (or Former Partner).

(h) To the extent that a portion of the Taxes imposed under Code Section 6225 relates to a Former Partner, the Administrative General Partner shall require such Former Partner to indemnify the Partnership for its allocable portion of such Tax to the extent such amounts have not been withheld pursuant to the provisions of Section 5.3B(vi)(g). Each Partner acknowledges that, notwithstanding the transfer or liquidation of all or any portion of its Interest in the Partnership, it shall remain liable for Taxes with respect to its allocable share of income and gain of the Partnership for the Partnership's taxable years (or portions thereof) prior to such transfer or liquidation unless otherwise agreed to in writing by the Partners and Former Partners.

(vii) No Waiver. The parties hereto acknowledge and agree that nothing in this Section 5.3B is intended, nor shall it be construed, to modify or waive any obligations of the Administrative General Partner under this Agreement. The obligations of each Partner or Former Partner under this Section 5.3B shall survive the transfer, redemption or liquidation by such Partner of its Partnership Interest and the termination of this Agreement or the dissolution of the Partnership.

(viii) State and Local Income Tax Matters. The provisions of this Section 5.3 shall also apply to state and local income tax matters affecting the Partnership to the extent the terms and conditions hereof have any application to audit procedures at the state and local level. References in this Section 5.3 to state or local in certain provisions but not in other provisions is not intended to indicate, and does not indicate, the only provisions of this Section 5.3 that may apply with respect to state or local income taxes. Notwithstanding the foregoing, with respect to matters relating to or arising out of, or impacting the State Housing Credits ("State Housing Credit Matter"), Consent of the State Housing Limited Partner shall be required whenever its Consent is required under Section 5.3. Furthermore, the State Housing Limited Partner shall have the right to require (at its own cost and expense) the Partnership Representative to commence a judicial action with respect to a State Housing Credit Matter and to appeal any adverse determination of a judicial tribunal concerning a State Housing Credit Matter so long as the Administrative Limited Partner determines that such action(s) will not negatively impact the Federal Housing Credits.

Section 5.4      Lease, Conveyance or Refinancing of Assets of the Partnership.

A. Except as may be otherwise expressly provided in this Agreement, the General Partners, with the approval of each Credit Agency (if required), are hereby authorized to sell, lease, exchange, refinance or otherwise transfer, convey or encumber all or substantially all of the assets of the Partnership; provided, however, that notwithstanding any other provision of this Agreement (other than Section 5.4B and Section 5.4C hereof), the terms of any such sale, exchange, refinancing or other transfer, conveyance or encumbrance must receive the Consent of the Administrative Limited Partner, the Consent of the Investor Limited Partner and the Consent of the State Housing Limited Partner (but only during the State Housing Credit Period) before such transaction is consummated. Should the General Partners fail to seek such Consent in writing to request to sell, lease, exchange, refinance or otherwise transfer, convey or encumber all or substantially all of the assets of the Partnership, such Consent will not be considered to have been made. The General Partners acknowledge and agree that the withholding of such Consent may affect their ability to fund their respective obligations under this Agreement, or related agreements. Accordingly, the General Partners acknowledge and agree that they are not relying on the ability to sell, lease, exchange, refinance or otherwise transfer, convey or encumber any of the Partnership's assets to fund any of the obligations of the General Partners or their Affiliates under this Agreement, or any related agreements. No such Consent shall be required for the leasing of apartment units to tenants or leases or concessions of facilities in the Apartment Complex in the normal course of operations. The General Partners must consider any offer by the Investor Limited Partner to purchase the Apartment Complex or resyndicate the ownership interests in the Partnership.

B. Notwithstanding any provision of this Agreement to the contrary, other than the requirements of Section 5.9 hereof, the Administrative Limited Partner and/or the Investor Limited Partner shall have the right at any time after the end of the fourteenth year of the Compliance Period to require, by notice to the General Partners, that the General Partners submit a written request (the "Termination Notice") to the Credit Agency to find a Person to acquire the Partnership's interest in the low-income portion of the Apartment Complex pursuant to the provisions of the Extended Use Agreement and in accordance with the provisions of Section 42(h)(6) of the Code and/or if the Credit Agency presents a "qualified contract," as said term is defined in Section 42(h)(6)(F) of the Code (hereinafter "Qualified Contract"), for the acquisition of the Apartment Complex, then the General Partners shall cause the Partnership promptly to sell the Apartment Complex in accordance with the terms of said Qualified Contract, but in no event shall any such sale occur prior to the end of the Compliance Period without the Consent of the Investor Limited Partner. If the General Partners shall fail to submit the Termination Notice within ten (10) days of the Administrative Limited Partner's request therefor, then the Administrative Limited Partner shall have the right at any time thereafter to submit the Termination Notice to such Credit Agency. Any proposal from either the Credit Agency or from a buyer acceptable to the Administrative Limited Partner shall be accepted by the General Partners.

C. Notwithstanding any provision of this Agreement to the contrary other than the requirements of Section 5.9 hereof, at any time after the later of: (i) the end of the Compliance Period, or (ii) the expiration of one year after the date upon which the Termination Notice was submitted to the Credit Agency (if such Notice was delivered prior to the end of the Compliance Period), the Administrative Limited Partner shall have the right to require, by notice to the General Partners (the "Required Sale Notice"), that the General Partners promptly use commercially reasonable efforts to obtain a buyer for the Apartment Complex on the most favorable terms then obtainable. The General Partners shall submit the terms of any proposed sale to the Administrative Limited Partner and the Investor Limited Partner for their Consent as provided in

Section 5.4A hereof. In the event that the Administrative Limited Partner and/or the Investor Limited Partner Consent to any such proposed sale, the Administrative Limited Partner shall notify the General Partners thereof in writing and the General Partners shall cause the Partnership promptly to sell the Apartment Complex to such buyer. If the General Partners shall fail to so obtain a buyer for the Apartment Complex within twelve (12) months of the Required Sale Notice or if the Administrative Limited Partner and/or the Investor Limited Partner in its/their sole discretion shall withhold its/their Consent to any proposed sale to such buyer, the Administrative Limited Partner shall notify the General Partners thereof in writing and the Administrative General Partner shall have the option to purchase the Interests of the Administrative Limited Partner and the Investor Limited Partner pursuant to the terms hereof, which option shall expire within thirty (30) days from the delivery of such notice to the Administrative General Partner. The purchase price for the Limited Partners' Interests pursuant to such option shall be the greater of the following amounts:

(i) the amount which the Administrative Limited Partner and the Investor Limited Partner would have received (giving effect to reasonable estimates of closing costs which would have been incurred) in liquidation of the Partnership had a sale of the Apartment Complex been consummated at a price equal to the fair market value thereof (as determined in accordance with Section 5.4E hereof); or

(ii) that amount which would result in the Administrative Limited Partner and the Investor Limited Partner each receiving a cash distribution relating thereto which is sufficient to pay, in the aggregate, all taxes which would be imposed upon it (and any partners, or any partners of partners or Affiliates thereof) by reason of such sale, assuming that the highest marginal federal income tax rate and state income tax rate applicable to a "C" corporation applies to all taxable income or gain with respect to such sale of their Interests.

In the event that the Administrative General Partner does not complete the purchase of the Interests of the Investor Limited Partner and the Administrative Limited Partner within the time specified in this Section 5.4C, then the Administrative Limited Partner shall have the option to (A) market the Apartment Complex for sale on the most favorable terms then obtainable and if the Administrative Limited Partner obtains a buyer, then the General Partners shall cause the Partnership to sell the Apartment Complex to such buyer on such terms; or (B) purchase the Interest of the General Partners for an amount equal to the hypothetical value of such Interest had the Apartment Complex been sold for an amount determined in accordance with Section 5.4E hereof.

In the event that the Administrative General Partner completes the purchase of the Interests of the Investor Limited Partner and the Administrative Limited Partner pursuant to the terms hereof, the Administrative General Partner shall also purchase the Interest of the State Housing Limited Partner on the same terms that it purchases the Interests of the Investor Limited Partner and the Administrative Limited Partner.

D. A sale of the Apartment Complex prior to the end of the Compliance Period may only take place with the Consent of the Administrative Limited Partner (which may be withheld in its sole discretion).

E. For purposes of Section 5.4C hereof, the fair market value of the Apartment Complex shall be determined by an appraisal of the Apartment Complex. Any such appraisal shall be made in the manner described hereinbelow and the appraisers performing such appraisals shall each be members of the Master Appraiser Institute and shall have at least 5 years

experience in the geographic area in which the Apartment Complex is located. The fair market value of the Apartment Complex shall be determined as follows: The General Partners and the Investor Limited Partner shall select a mutually acceptable appraiser. In the event the parties are unable to agree upon an appraiser the General Partners, on the one hand, and the Investor Limited Partner, on the other hand, shall each select an appraiser. If the difference between the two appraisals is less than or equal to ten percent (10%) of the lower of the two appraisals, the fair market value shall be the average of the two appraisals. If the difference between the two appraisals is greater than ten (10%) of the lower of the two appraisals, then the two appraisers shall jointly select a third appraiser whose determination of fair market value shall be deemed binding on all parties. If the two appraisers are unable jointly to select a third appraiser, either the General Partners or the Investor Limited Partner may, upon written notice to the other, request that the appointment be made by the then President of the American Arbitration Association in the geographic area in which the Apartment Complex is located, or his or her designee. The appraisal shall take into account the requirement that the Apartment Complex remain dedicated for the use of low income persons, as well as any restrictions under any Mortgage Loan documents or regulatory agreements pertaining to the Apartment Complex, and the requirements of Section 42 of the Code, and the terms of any assumable financing. The General Partners and the Investor Limited Partner shall share the cost equally of any appraiser jointly selected or shall pay the costs of the appraiser they each select and shall share the cost equally for any third appraiser, including any appraiser chosen by the American Arbitration Association chapter President.

F. The General Partners and their Affiliates (the "Future Developer") agree the Limited Partners and their Affiliates ("Alliant") shall have the right the right of first refusal (the "Right of First Refusal") to be the equity syndicator in any new entity formed by Future Developer to rehabilitate the Apartment Complex as a low income Housing Credit project under Section 42 of the Code after expiration of the Compliance Period (the "Future Development"). If at any time the Future Developer enters into negotiations with any party other than Alliant (a "Third Party") regarding an opportunity to invest as the equity syndicator in the Future Development, the Future Developer shall deliver to Alliant a copy of any proposed offer from the Third Party which the Future Developer is prepared to accept (a "Third Party Offer"), together with a reservation or allocation of low income Housing Credits from the Credit Agency, and the economic assumptions and other appropriate documentation describing the transaction with sufficient information to enable Alliant to underwrite the proposed equity investment (the "Investment Package"). Alliant shall have the exclusive Right of First Refusal for ninety (90) days beginning on the date Alliant receives such Investment Package (the "Right of First Refusal Period") to respond to commit in writing to become the equity syndicator of such Future Development on at least the same terms and conditions set forth in the Third Party Offer, and the Future Developer shall negotiate in good faith to allow such opportunity to invest. If Alliant does not exercise its rights under the Right of First Refusal during the Right of First Refusal Period, the General Partners shall be free to enter into a binding commitment with any Third Party and Alliant's rights shall terminate and be of no further force and effect with respect to the Future Development.

Section 5.5      Restrictions on Authority. Notwithstanding any other provisions of this Agreement:

A. No General Partner shall have authority to perform any act in violation of any applicable law or regulation, this Agreement, the Project Documents (including, without limitation, the Extended Use Agreement), or any agreement between the Partnership and any Credit Agency or any Lender, or to take any action which under the Uniform Act or this Agreement

requires the approval, ratification or Consent of some or all of the Partners without first obtaining such approval, ratification or Consent, as the case may be.

B. No General Partner shall have any authority to do any of the following acts on behalf of the Partnership, except with the Consent of the Administrative Limited Partner and the approval, to the extent required, of any Credit Agency and any Lender, and notice to the State Housing Limited Partner. These restrictions on the authority of the General Partners absent Consent shall not create any liability on the part of the other Partners, even if the other Partners in their discretion chose not to give such Consent.

(i) Except for the Mortgage Loans approved and entered into at the Closing, finance, refinance, enter into, modify, amend or prepay any Mortgage Loan or other indebtedness of the Partnership, whether secured or unsecured, or enter into or execute any note, mortgage, deed of trust or other loan document evidencing or securing same;

(ii) Incur any liability or obligation on behalf of the Partnership other than in the ordinary course of the Partnership's business, or incur any such liability or obligation in the ordinary course of the Partnership's business in an amount in excess of \$25,000 in any instance (or enter into any agreement resulting in any such liability being incurred), other than the Mortgage Loans and those liabilities (or agreements relating thereto) which have theretofore been approved as part of the annual budgets, or otherwise disclosed to and approved in writing by the Investor Limited Partner and the State Housing Limited Partner (but only during the State Housing Credit Period);

(iii) Take any action which would cause the termination of the Partnership for federal income tax purposes or the dissolution of the Partnership for state law purposes;

(iv) Use or cause the Apartment Complex to be used for any purpose other than as a low income housing development as contemplated under Section 42 of the Code;

(v) Modify the Construction Budget other than a modification that results from a change order as permitted in accordance with Section 5.5C hereof;

(vi) Confess a judgment against the Partnership;

(vii) Possess property of the Partnership or assign rights in specific property of the Partnership for other than a Partnership purpose;

(viii) Perform any act that would subject any Limited Partner (including the State Housing Limited Partner) to liability as a general partner in any jurisdiction;

(ix) Receive or allow any rebate or give-up or participate in any reciprocal business arrangements which would circumvent the provisions hereof;

(x) Engage any leasing or sales agent or broker, other than the Management Agent as approved under Article 8 hereof;

(xi) Acquire any real or personal property (tangible or intangible) except to the extent approved in an approved annual budget, or use any Partnership property for other than a purpose of the Partnership as set forth in this Agreement;

(xii) Acquire, become personally liable on or in respect of, or guarantee, directly or indirectly (or allow any Person related to any General Partner or Limited Partner (including the State Housing Limited Partner), within the meaning of Section 752 of the Code, to acquire, become liable on or guaranty), all or any portion of a Mortgage Note or a Mortgage or, except as otherwise contemplated herein or in the Development Services Agreement, any other indebtedness of the Partnership; provided that in no event shall any such acquisition, undertaking of personal liability or making of any guaranty of a Mortgage Note or a Mortgage be permitted (except on an emergency basis) if such action would cause a reallocation or recapture of tax items;

(xiii) Pay any salary, fees or other compensation to a General Partner or its Affiliates, except as authorized by Section 5.7, or Articles 6, 8 and 14 hereof, or as otherwise specifically provided for in this Agreement;

(xiv) Sell, lease (except in the ordinary course of business and in compliance with all of the requirements of this Agreement), exchange, mortgage, pledge or otherwise transfer, convey or dispose of all or any portion of the Apartment Complex or any other material asset of the Partnership, except in accordance with Section 5.4 hereof;

(xv) Terminate the services of the Accountants or the Management Agent or select replacement Accountants or Management Agent;

(xvi) Terminate, amend or modify any Project Document (including, without limitation, the Extended Use Agreement);

(xvii) Make any capital improvement to the Apartment Complex the aggregate value of which shall exceed \$25,000 (or any other amount approved in an annual budget) in any Fiscal Year (other than in response to an emergency);

(xviii) Make any election or take any other action which could result in the Partnership being taxed as an entity other than a partnership for federal income tax purposes, or make or revoke any election permitted the Partnership by any taxing authority;

(xix) Merge, consolidate, dissolve or wind up the Partnership;

(xx) File any petition for or on behalf of the Partnership under any Bankruptcy Law, or make an assignment for the benefit of creditors, or seek a receiver or the protection of any Bankruptcy Law, or declare the Partnership's inability to pay its debts when they become due (or words of similar import) or take (or fail to take) any action that causes the Partnership to be Bankrupt;

(xxi) Make a material change in the nature of the Partnership's business or take any act that would make it impossible to carry on the Partnership's ordinary business;

(xxii) Admit additional General Partners or Limited Partner(s) to the Partnership, except as provided in Section 10.1B;

(xxiii) Enter into any amendment to the standard form of lease used in the leasing of residences in the Apartment Complex, where the amendment may adversely affect the Partnership, the Investor Limited Partner, the State Housing Limited Partner or the Housing Credits;



(xxiv) Enter into any lease for a residence within the Apartment Complex that does not strictly comply with the requirements and regulations governing the Housing Credits and/or the Project Documents (including, without limitation, the Extended Use Agreement);

(xxv) Select or change depreciation or accounting methods or make other decisions with respect to the treatment of the transaction for state or federal income tax purposes or other financial purposes not otherwise specifically provided for in this Agreement;

(xxvi) Materially change any portion of the insurance program or the insurer required by the terms of this Agreement, provided that the General Partners may (A) increase the limits and coverage in a manner that is customary for housing developments similar to the Apartment Complex, and (B) change the insurer under any policy if the new insurer is (1) licensed by the State to issue policies of the type issued, and (2) rated by A.M. Best at a level equal to or higher than the previous insurer under such policy;

(xxvii) Institute any legal action involving a claim in excess of \$50,000 or which, when added to all other claims instituted by the Partnership, exceeds \$100,000, or settle a legal action for any amount in excess of \$50,000;

(xxviii) Extend the Partnership's credit, make loans or become a surety, guarantor, endorser, or accommodation endorser except in connection with negotiating checks or other instruments received by the Partnership;

(xxix) Settle an insurance claim or condemnation action involving a claim or judgment in excess of \$50,000 or which, when added to all other insurance or condemnation claims, exceeds \$100,000;

(xxx) Decide not to repair or rebuild in case of material damage to the Apartment Complex, or any portion thereof, arising out of a casualty or condemnation;

(xxxi) Adopt any annual operating budget for the Partnership or make any modification to an approved operating budget, except as provided in Section 5.2E hereof;

(xxxii) Approve change orders or draw requests, except as provided in Section 5.5C hereof;

(xxxiii) Hire any employees for any purpose;

(xxxiv) Issue any requests to any one or more Partners for the payment of non-obligatory Capital Contributions;

(xxxv) Make a loan of Partnership funds or assets or an advance of Partnership funds or assets to any General Partner, Developer, Guarantor, any of their respective Affiliates or any other Person; or

(xxxvi) Any other matter that requires the Consent or approval of the Administrative Limited Partner and/or the Investor Limited Partner and/or the State Housing Limited Partner under the terms of this Agreement.

C. No General Partner shall have any authority to submit any Draw Request for Mortgage Loan proceeds to any Lender and/or approve any change order except with the

Consent of the Administrative Limited Partner (which will not be unreasonably withheld), provided that Consent of the Administrative Limited Partner shall not be required for any change order where the addition or reduction to the total construction cost resulting from such change order plus any other change orders related to the same modification to the Plans and Specifications does not in total exceed \$25,000. Notwithstanding the foregoing, the Administrative Limited Partner shall have sole and absolute discretion to approve or disapprove any change order that would result in any of the following: (i) a change in the number of units comprising the Apartment Complex, (ii) a change in the number of bedrooms in any unit comprising the Apartment Complex, (iii) a change in the number or location of parking spaces for the Apartment Complex, (iv) a deviation from the agreements, representations or obligations of the Partnership as described in the applications submitted by or for the benefit of the Partnership in connection with the Housing Credits (including, without limitation, the Partnership's application with the Credit Agency) and the Mortgage Loans, including the Tax-Exempt Note, or any other material change which may otherwise jeopardize the Housing Credits, or (v) any material change resulting in materials of a lesser quality being used in the Apartment Complex or other material deviation of a lesser quality from work and materials provided in the Construction Agreements approved by the Administrative Limited Partner. All Draw Requests submitted to a Lender shall be subject to the Consent of the Administrative Limited Partner, which shall not be unreasonably withheld; provided, however, if the Administrative Limited Partner notifies the General Partners of its disapproval of such request or proposed change order, such notice shall be accompanied by a reasonably detailed explanation of the reasons for such disapproval. The Administrative Limited Partner will designate a representative for the review of all Draw Requests.

Section 5.6      Activities of Partners. It is understood that the Managing General Partner is and will be engaged in other activities and occupations unrelated to the Partnership, and the Managing General Partner shall be required to devote only so much of its time as shall be necessary to the proper conduct of the affairs of the Partnership. Any Partner may engage in and have an interest in other business ventures of every nature and description, independently or with others, including, but not limited to, the ownership, financing, leasing, operating, construction, rehabilitation, renovation, improvement, management and development of real property whether or not such real property is directly or indirectly in competition with the Apartment Complex; provided, however, that nothing herein shall be construed to relieve a General Partner of any of its fiduciary obligations with respect to the management of the Apartment Complex. Neither the Partnership nor any other Partner shall have any rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom, regardless of the location of such real property and whether or not such venture was presented to such Partner as a direct or indirect result of its connection with the Partnership or the Apartment Complex.

Section 5.7      Dealing with Affiliates. Except for the Incentive Management Agreement, the Development Services Agreement and the Master Lease, without the Consent of the Administrative Limited Partner, no General Partner may enter into, for, in the name of or on behalf of, the Partnership, agreements or contracts for performance of services for the Partnership as an independent contractor with itself or its Affiliates or pay compensation for and on account of any such services. The Administrative Limited Partner shall not unreasonably withhold its Consent to any such contract so long as the same is not less favorable in any material respect than the Partnership could obtain from a non-Affiliate of the General Partners engaged in the business of providing the services sought from the Affiliate.

Section 5.8      Indemnification and Liability of the Partners.

A. The Partnership, its receiver or its trustee, shall indemnify and hold harmless the Limited Partners (including the State Housing Limited Partner), the General Partners and their Affiliates from any liability, loss or damage incurred by them by reason of any act performed or omitted to be performed by them on behalf of the Partnership, including costs and reasonable attorneys' fees (which attorneys' fees may be paid as incurred) and any amount expended in the settlement of any claim of liability, loss or damage; provided, however, that (i) if such liability, loss or damage arises out of any action or inaction of any Affiliate, such action or inaction must have occurred while such party was engaged in activities which could have been engaged in by the Limited Partners (including the State Housing Limited Partner) or the General Partners in their capacity as such; (ii) if such liability, loss or damage arises out of action or inaction of Partners or their Affiliates, (a) such party(ies) must have reasonably determined, in good faith, that such course of conduct was in the best interests of the Partnership, and such party(ies) must have been acting on behalf of or performing services for the Partnership, and (b) such course of conduct must not have constituted fraud, gross negligence, misrepresentation, breach of any material provision of this Agreement or misconduct by such party(ies); and (iii) any such indemnification shall be recoverable only from the assets of the Partnership and not from the assets of any Partner; provided, however, that notwithstanding the foregoing, in no event shall the Partnership be required to sell the Apartment Complex, or any part thereof or any interest therein which would result in a loss or recapture of Housing Credits to satisfy its indemnification obligation to the Limited Partners (including the State Housing Limited Partner) or the General Partners or their Affiliates. The Partnership shall not pay for any insurance covering liability of the Partners or their Affiliates for actions or omissions for which indemnification is not permitted hereunder; provided, however, that nothing contained herein shall preclude the Partnership from purchasing and paying for such types of insurance, including extended coverage liability and casualty and workers' compensation, as would be customary for any Person owning comparable assets and engaged in similar business, or from naming such party(ies) as additional insured parties thereunder, if such addition does not add to the premiums payable by the Partnership. Nothing contained herein shall constitute a waiver by a Limited Partner (including the State Housing Limited Partner) of any right which it may have against any party under federal or state securities laws nor a waiver of the fiduciary duty owed to it by the General Partners or their Affiliates under common law. The provision of advances from the Partnership to any Partner or its Affiliates for legal expenses and other costs incurred as a result of a legal action potentially subject to indemnification is permissible if the following three conditions are satisfied: (x) the legal action relates to the performance of duties or services by such indemnified party(ies) on behalf of the Partnership; (y) the legal action is initiated by a third party who is not a Partner or an Affiliate; and (z) such indemnified party(ies) undertake in writing to repay to the Partnership the funds so advanced in cases in which they would not be entitled to indemnification hereunder, together with interest at the Interest Rate. Notwithstanding anything to the contrary contained herein, in no event shall any indemnity under this Section 5.8A be applicable to any expenditure or obligation of the Limited Partners or the General Partners or their Affiliates which is the subject of a separate obligation to or agreement with the Partnership or the Limited Partners (including the State Housing Limited Partner) by such party(ies).

B. Notwithstanding the provisions of Section 5.8A hereof, the General Partners and their Affiliates shall not be indemnified or held harmless from any liability, loss or damage incurred by them in connection with, and shall indemnify and hold harmless the Partnership and the other Partners from and against any liability, loss or damage incurred by them by reason of, (i) any liability of such party which is attributable to fraud, gross negligence, misrepresentation, or misconduct by such party(ies); (ii) any liability of such party(ies) arising

under this Agreement or any agreement entered into pursuant to this Agreement or the Development Services Agreement or any certificate or other document delivered pursuant hereto which is attributable to the breach of any representation, warranty or covenant set forth therein; or (iii) any claim or settlement involving allegations that federal or state securities laws associated with the offer and sale of an Interest were violated by such party(ies) unless: (a) the indemnitee is successful in defending such action on the merits of each count involving securities laws violations and such indemnification is specifically approved by a court of competent jurisdiction; (b) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction and the court specifically approves such indemnification; or (c) a court of competent jurisdiction approves a settlement of the claims against the entity seeking indemnification involving securities law violations and specifically finds that indemnification of the settlement and related costs should be made. Any Person seeking indemnification shall apprise the court as to the current position of the Securities and Exchange Commission and other applicable state securities administrators regarding indemnification for violations of securities law.

Section 5.9      Compliance with Credit Agency Requirements; Partnership Borrowings.

A.      Notwithstanding anything in this Agreement to the contrary, the following provisions shall apply at all times: (i) each of the provisions of this Agreement shall be subject to, and the General Partners covenant to act in accordance with, the Project Documents and all applicable federal, state, and local laws and regulations; (ii) such documents, laws and regulations, as amended or supplemented, shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns; (iii) upon any dissolution of the Partnership or any transfer of the Apartment Complex, no title or right to the possession and control of the Apartment Complex and no right to collect rent therefrom shall pass to any Person who is not, or does not become, bound by the Governmental Agreements in a manner satisfactory to each Credit Agency; (iv) no amendment of this Agreement shall affect the rights of any Credit Agency under any of the Project Documents without the prior written consent of such Credit Agency; (v) any conveyance or transfer of title to all or any portion of the Apartment Complex required or permitted under this Agreement shall in all respects be subject to any and all conditions, approvals and other requirements of the rules and regulations of any Credit Agency applicable thereto; and (vi) the General Partners shall at no time do or cause to be done, or permit the Partnership to do or cause to be done, any act directly or indirectly affecting the Apartment Complex except with the prior approval or pursuant to the requirements of each Credit Agency and each Lender, if such approval is required. Specifically, without limiting the generality of the foregoing, the General Partners shall cause 33 apartment units in the Apartment Complex to be held for persons whose income is at or below eighty percent (80%) of the area median income, 47 apartment units in the Apartment Complex to be held for persons whose income is at or below sixty percent (60%) of the area median income and 78 apartment units to be held for persons whose income is at or below fifty percent (50%) of the area median income, and shall provide any and all programs, services and amenities described in the applications submitted by or for the benefit of the Partnership in connection with the Housing Credits (including, without limitation, the Partnership's application with the Credit Agency) and the Mortgage Loans, including the Tax-Exempt Note.

B.      Notwithstanding anything in this Agreement to the contrary, all borrowings by the Partnership shall be subject to the terms of this Agreement, the Project Documents and applicable rules, regulations and directives of any Credit Agency. To the extent borrowings are permitted they may be made from any source, including any Partner or an Affiliate thereof; provided, however, that any borrowings from the General Partners or their Affiliates shall, except

to the extent that such borrowings are required to be made by the Partnership hereunder, require the Consent of the Administrative Limited Partner. Except as may be otherwise specifically set forth in this Agreement, if any Partner or Affiliate thereof shall lend any monies to the Partnership, such loan shall be unsecured and the amount of any such loan shall not be an increase of such Partner's Capital Contribution nor affect in any way such Partner's share of the Profits and Losses or distributions of the Partnership. Any loan by a Partner or its Affiliate, other than an Operating Loan, shall be a "Voluntary Loan," shall bear interest per annum at a rate equal to the Interest Rate and shall be repayable as set forth in Article 9 hereof (to the extent permitted by each Credit Agency); provided, however, that any Voluntary Loan shall be made solely for the benefit of the Partnership. No Voluntary Loan by the General Partners or their Affiliates may be made to the Partnership in substitution of their obligation to make Operating Loans or advances to fund Development Deficits to the Partnership.

C. Subject to the provisions of this Agreement with respect to related party loans, a limited partner or member, including without limitation the Federal Home Loan Mortgage Corporation (such limited partner or member being referred to herein as a "Mortgagee"), in any entity that is a Partner at any time may make, guarantee, own, acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Apartment Complex owned by the Partnership (any such loan being referred to as a "Mortgagee Partner Loan"). Under no circumstances will a Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such Partner. A Mortgagee may take any actions that the Mortgagee, in its discretion, determines to be advisable in connection with a Mortgagee Partner Loan (including in connection with the enforcement of a Mortgagee Partner Loan). By acquiring an interest in the Partnership, each Partner acknowledges that no Mortgagee owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee being a limited partner or member in a Partner. Neither the Partnership nor any Partner will make any claim against a Mortgagee, or against the Partner in which the Mortgagee is a partner or member, relating to a Mortgagee Partner Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Mortgagee's status as a limited partner or member of a Partner.

Section 5.10 Social Services. The General Partners shall cause the Partnership to provide all social services which the Partnership is obligated to provide in connection with the Apartment Complex, including, without limitation, any such social services described in the applications submitted by or for the benefit of the Partnership in connection with the Housing Credits (including, without limitation, the Partnership's application with the Credit Agency) and the Mortgage Loans, including the Tax-Exempt Note. In addition to the foregoing, the General Partners shall take all action necessary to cause the Partnership to pay all amounts incurred by the Partnership in connection with the provisions of any such social services. Notwithstanding anything else set forth herein, Horizon Housing Foundation ("HHF"), an Affiliate of the State Housing Limited Partner, assists in the coordination of social services for projects in which the State Housing Limited Partner invests. The General Partners agree to cooperate, and to cause the Management Agent to cooperate, with HHF in coordinating programs to promote the economic self-sufficiency of tenants of the Apartment Complex, including, without limitation, educational and job-training opportunities. Additionally, through the State Housing Limited Partner, HHF may provide the General Partners, and the General Partners may, in their discretion, provide to the Management Agent, for distribution to tenants of the Apartment Complex, quarterly educational bulletins focused on lifestyle advice (not of a religious or political nature) addressing areas such as personal health and safety, budgeting, taxes and financial literacy.

Section 5.11 Additional Covenants of General Partners. The General Partners shall permit the Administrative Limited Partner, the Investor Limited Partner, the State Housing Limited Partner and their respective representatives, upon reasonable prior notice, to have access to the Apartment Complex at all reasonable times during normal business hours and to examine all agreements and plans and specifications and shall deliver copies and such reports as may reasonably be required by the Administrative Limited Partner or the State Housing Limited Partner. The General Partners shall promptly provide the Administrative Limited Partner, the Investor Limited Partner and the State Housing Limited Partner with copies of all correspondence, notices and reports sent pursuant to and received under the Project Documents or from any Credit Agency with respect to the Apartment Complex, together with copies of all other correspondence or other documents which a prudent investor would wish to examine in connection with a similar transaction.

Section 5.12 Obligation to Repair and Rebuild Apartment Complex. With the approval of any Lender and any Credit Agency, if such approval is required, and the Administrative Limited Partner, all insurance proceeds received by the Partnership due to fire or other casualty affecting the Apartment Complex will be utilized to repair and rebuild the Apartment Complex in accordance with Section 42(j)(4)(E) of the Code and to the extent required by any Lender and any Credit Agency. The General Partners shall have no obligation to furnish any funds to the Partnership to accomplish such repair and rebuilding except to the extent that such insurance proceeds are insufficient due to the failure of the General Partners to maintain insurance policies for the Partnership in compliance with the requirements of this Agreement or if insurance coverage is denied due to any fraud, gross negligence, misrepresentation or misconduct by any General Partner, Developer, Guarantor or any Affiliate of any of them.

Section 5.13 Welfare Exemption. Commencing with the year in which this Agreement is executed, and continuing in each year thereafter, the Managing General Partner shall promptly apply for, and diligently pursue, a real property tax exemption for the Apartment Complex pursuant to California Revenue & Taxation Code Section 214(g), or any successor statute thereto. The Managing General Partner shall take all actions necessary to qualify the Apartment Complex for such real property tax exemption, including, without limitation, executing and filing the California Board of Equalization Form 267-LI with the appropriate county assessor's office. On an annual basis, upon receipt of the real property tax exemption for the Apartment Complex, the Managing General Partner shall deliver a copy thereof to the Administrative Limited Partner. If the application and/or qualification process for such real property tax exemption is delayed due to Force Majeure, the Managing General Partner shall be allowed additional time to apply for and pursue such real property tax exemption equal to the period of time that such Force Majeure causes the delay, but in no event so long as to result in the disqualification of the Apartment Complex for such real property tax exemption.

Section 5.14 OFAC Matters.

A. The General Partners have implemented procedures, and will consistently apply those procedures throughout the term of the Partnership, to ensure the representations and warranties set forth in Section 6.7D hereof remain true and correct during the term of the Partnership. The General Partners shall comply with, and to the best of their ability, shall cause the Partnership, the Developer and each Guarantor to comply with, all Requirements of Law relating to money laundering, terrorism, embargoes and sanctions, now or hereafter in effect. Without limiting the foregoing, the General Partners shall not cause, suffer or permit a Prohibited Person to own an equity interest in or Control the Partnership.

B. Upon the Administrative Limited Partner's request from time to time during the term of the Partnership, the General Partners shall certify in writing to the Administrative Limited Partner that the representations, warranties and obligations under this Section 5.15 and under Section 6.7D remain true and correct and have not been breached. The General Partners shall notify the Administrative Limited Partners immediately in writing if any of such representations, warranties or covenants are no longer true or have been breached or if the General Partners have a reasonable basis to believe that they may no longer be true or have been breached. In connection with such an event, the General Partners shall comply with all Requirements of Law and directive of Governmental Authorities and, at the Administrative Limited Partner's request, provide to the Administrative Limited Partner copies of all notices, reports and other communications exchanged with, or received from, Governmental Authorities relating to such event. The Partnership shall reimburse the Administrative Limited Partner for any expense it incurs in evaluating the effect of such an event on the Apartment Complex and the Partners' interest in the Apartment Complex and in complying with all Requirements of Law applicable to the Partnership, the General Partner or any Limited Partner as the result of the existence of such an event and for any penalties or fines imposed upon the Partnership or the Administrative Limited Partner as a result thereof, except and to the extent that such evaluation is a result of material misrepresentations of any Limited Partner or an affiliate thereof.

## ARTICLE 6

### REPRESENTATIONS AND WARRANTIES

As a material inducement to the Investor Limited Partner's, the Administrative Limited Partner's and the State Housing Limited Partner's entering into this Agreement, the General Partners hereby represent, warrant and covenant as of the Closing Date and each Subsequent Closing Date (for purposes of this Article 6, all references to "Limited Partners" shall include the State Housing Limited Partner):

#### Section 6.1 Organization and Authorization.

A. Organization of the Partnership. The Partnership is a limited partnership duly formed, validly existing and in good standing under the laws of the State and is duly authorized to do business as a limited partnership under the laws of the State. The Partnership is not qualified or licensed to do business, and is not required to be so qualified or licensed, in any other jurisdiction. The Certificate has been duly filed, and the Partnership has otherwise complied with all requirements of the State, including, without limitation, the Uniform Act, to establish and maintain the limited liability of the Limited Partners as provided herein, and has taken all other action necessary so that the Partnership can act in furtherance of its Partnership purposes.

B. Partnership Power and Authority. The Partnership has the full power and authority to acquire, construct, develop, improve, maintain, use, own, operate, lease, sell, dispose of and otherwise deal with the Apartment Complex in accordance with this Agreement and to execute, deliver and perform the Partnership's obligations under the Project Documents.

C. Partnership Agreement. The General Partners have provided to the Limited Partners a true, complete and current copy of the Original Partnership Agreement which reflects all agreements among the current partners of the Partnership pertaining to the Partnership. The Original Partnership Agreement has not been altered or amended except as expressly disclosed in writing to the Limited Partners and, until amended and restated hereby, is

in full force and effect. The Preexisting Limited Partner, as of the Closing Date, is the only limited partner of the Partnership and, together with the General Partners, are the only Partners of the Partnership.

D. Due Authorization. The execution and delivery of this Agreement, the Project Documents and all other instruments, documents and agreements pertaining to the Partnership or the Apartment Complex, the performance by the Partnership, the General Partners, the Developer or the Guarantors of their respective obligations hereunder and thereunder, and the performance of all other acts, obligations or undertakings heretofore taken or made or hereafter to be taken or made, by the Partnership, the General Partners, the Developer or the Guarantors have been duly authorized by all requisite corporate and/or other actions. The execution and delivery of such instruments, the performance of obligations thereunder, and the performance of such other acts, obligations or undertakings do not and will not conflict with or violate any provision of this Agreement and, as to any General Partner, Developer or Guarantor do not and will not (i) conflict with or violate any provisions of its operating agreement, certificate/articles of incorporation or bylaws, (ii) conflict with, violate or result in a breach of any of the provisions of, or constitute a default under, or result in the creation or imposition of a lien, charge or encumbrance on its properties or assets pursuant to any agreement or instrument to which any such Person is a party or by which any of its properties are bound, or (iii) conflict with or violate any law, rule, regulation, ordinance or court decree applicable to any such Person.

E. Organization of Other Parties. Each General Partner, Preexisting Limited Partner and Guarantor (i) is, if other than an individual, a corporation or limited liability company duly formed, validly existing and in good standing under the laws of its state of formation and qualified to transact business in the State, (ii) has the power and authority lawfully to own its properties, to carry on its business as it is now being conducted and to execute, deliver and perform its obligations under this Agreement and the Project Documents, in its own capacity and, with respect to each General Partner, in its capacity as a General Partner of the Partnership, as applicable, and (iii) has taken all other action necessary so the Partnership can act in furtherance of its Partnership purposes. The General Partners will acquire no real estate or other significant asset and conduct no business, operation or activity other than owning their Interests in the Partnership and acting as the General Partners of the Partnership. Each General Partner has previously provided true, complete and current copies of the articles of incorporation and by-laws or operating agreement and other organizational documents pertaining to such General Partner and any constituent general partner or managing member thereof, including all amendments thereto, which documents reflect all agreements and interests among the Persons comprising such entities.

F. Enforceability. This Agreement and each of the Project Documents executed and delivered by the Partnership, the General Partners, the Preexisting Limited Partner, the Guarantors and the Developer have been duly executed and delivered by such party, are its valid and binding obligations, and are enforceable in accordance with their respective terms.

G. Characterization as Partnership for Federal Income Tax Purposes. No event has occurred that has caused, and the General Partners shall not act in any manner that will cause the Partnership to be treated for federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership.

H. Limited Liability. No event has occurred that has caused, and the General Partners shall not act in any manner that will cause the Investor Limited Partner or State Housing Limited Partner to be liable for Partnership obligations in excess of the Investor Limited Partner



Contribution, plus the limited dollar amount of any deficit restoration obligation agreed to by the Investor Limited Partner pursuant to Section 3.15 hereof, plus any amount required to be repaid by the Investor Limited Partner to the Partnership pursuant to the Uniform Act.

Section 6.2        Consents Required. No consent or approval of stockholders, partners, members, directors, Lenders, governmental authorities, regulators or any other Person is required as a condition to the withdrawal of the Preexisting Limited Partner and the admission of the State Housing Limited Partner, the Investor Limited Partner and the Administrative Limited Partner as Limited Partners of the Partnership, the validity or enforceability of this Agreement or the Project Documents, or the performance of the obligations hereunder or thereunder, or if required, the same has been duly obtained.

Section 6.3        Liens, Pledges or Encumbrances. Except for the State Housing Limited Partner's pledge of its Interest to the State LP Lender, as required under the Construction Loan Documents, the CalHFA Loan Documents, the CADA Loan Documents or the Tax-Exempt Loan Documents, the Interests are not subject to any lien, pledge or encumbrance or claim of any nature whatsoever and the State Housing Limited Partner, the Investor Limited Partner and the Administrative Limited Partner shall acquire the same free of any rights or claims thereto by the General Partners or any other party.

Section 6.4        Litigation. Except as set forth in Exhibit G, there is no litigation, demand, action, inquiry, proceeding, investigation or claim pending or, to the best of the General Partners' knowledge, threatened against or related to the Apartment Complex, the Guarantors, the Developer, the Partnership or any of the General Partners, which, if adversely determined, could have an adverse effect on the Apartment Complex, the Guarantors, the Developer, the Partnership or any of the General Partners or their respective financial condition, business, operations or income, and, to the best of each General Partner's knowledge, there is no fact or circumstance which could give rise to any such litigation, demand, action, inquiry, proceeding, investigation or claim.

Section 6.5        Agreements Affecting the Apartment Complex.

A.        Agreements Affecting Ownership or Operation. There are no material obligations of the Partnership, other than the obligations to borrow the Mortgage Loans and the other obligations reflected in this Agreement or the Project Documents, and obligations incurred in the ordinary course of operation of the Apartment Complex. The description of the Mortgage Loans on the Schedule is true, correct and complete. Except for the Developer under the Development Services Agreement and the Master Lessee under the Master Lease, no Affiliate of any General Partner is a party to a contract or agreement with the Partnership.

B.        Default or Acceleration of Obligations. No default has occurred and is continuing under any Project Document, or any other agreement, instrument or document to which the Partnership, the Developer, any Guarantor or any General Partner is a party or by which the Apartment Complex is bound and no event has occurred which, with the giving of notice or the passage of time, or both, would constitute a default under any Project Document or under any other agreement or document to which the Partnership, the Developer, any Guarantor or any General Partner is a party or by which the Apartment Complex is bound. If any such default is alleged, the General Partners shall notify the Limited Partners of such alleged default within 5 days of the General Partners' receipt of notification thereof.

C. Project Documents. The General Partners have heretofore provided to the Limited Partners true, correct and complete copies of the Project Documents and all other credit agreements, indentures, leases, purchase agreements, guaranties, instruments and agreements to which the Partnership is a party or by which the Partnership or the Apartment Complex is bound or affected. The Schedule contains a true and accurate description of each Mortgage Loan; all payments and other charges due and payable under each Mortgage Loan to date have been paid in full. The entire indebtedness intended to be secured by each Mortgage has been or will be advanced and utilized for the purposes set forth therein. None of the documents evidencing any Mortgage, nor any other loan or agreement to which the Partnership is a party, including without limitation, the Project Documents, nor performance by the Partnership or General Partners of their respective obligations thereunder or hereunder, does or will violate or constitute a default under any provision of law, order of court, indenture or other instrument affecting any General Partner, any Guarantor, the Partnership or the Apartment Complex.

D. Agreements Regarding Interests in the Partnership. Except as provided in Section 10.1B, no Person has or may acquire any interest in the Apartment Complex (other than pursuant to a Mortgage), in any General Partner or in the Partnership.

E. Budget and Construction Agreements. Attached hereto as Exhibit I is a true, correct, complete and current copy of the budget for the construction of the Improvements and the furnishing of all Personalty (the "Construction Budget"). True, complete and current copies of all documents constituting the Construction Agreements have been previously provided to the Administrative Limited Partner and a current list of such documents is set forth in the Schedule. The Construction Agreements include a completion bond in favor of the Partnership insuring Completion in accordance with the Construction Budget.

F. Development Services. The Partnership has entered into the Development Services Agreement with the Developer pursuant to which the Developer will perform various development services in connection with the Apartment Complex and the construction thereof, and the Development Services Agreement is in full force and effect. In light of their experience in real estate matters and the development of real property, the General Partners reasonably believe that each of the fees set forth in the Development Services Agreement constitutes reasonable compensation for the services for which such fee is payable.

G. No Broker. The General Partners are not presently under any commitment to any real estate broker, rental agent, finder, syndicator or other intermediary with respect to the Apartment Complex or any portion thereof, except for the Management Agreement approved as of the Closing (or subsequently approved pursuant to Article 8 hereof) and other arrangements disclosed in writing to the Limited Partners prior to the date hereof.

#### Section 6.6 Other Matters Affecting the Apartment Complex.

A. Title to the Apartment Complex. The Partnership owns the entire fee simple interest in the Apartment Complex and has good and marketable title thereto, free and clear of any easements, rights-of-way, liens, charges, security interests, encumbrances, defects, purchase options, rights of first refusal and other title exceptions of any kind, except for the exceptions (the "Permitted Encumbrances") attached hereto as Exhibit J. None of the Permitted Encumbrances or the matters set forth on the Title Policy has or will have a material adverse effect on the acquisition, development, improvement, construction, maintenance, use, ownership, operation, leasing or disposition of the Apartment Complex. Except for the Apartment Complex, the Housing Credits, and the contractual rights referred to herein, the Partnership owns no other

property, tangible or intangible, real or personal. Except for the Permitted Encumbrances, no easements, rights-of-way, liens, charges, security interests, encumbrances, defects, purchase options, rights of first refusal or other title exceptions of any kind have been asserted against the Apartment Complex.

B. Insurance. The amount of insurance which will be maintained by the Partnership against a casualty loss (as defined in Section 42(j)(4)(E) of the Code) with respect to the Apartment Complex will be sufficient to permit full replacement of the Apartment Complex within a reasonable period of time following any such casualty. Each of the policies effectuating such insurance is in full force and effect, and all premiums due and payable thereunder have been paid. No notice has been received by the General Partners or the Partnership from the insurance company which issued any of such policies stating that any of such policies will not be renewed or will be renewed only upon satisfaction of other specified conditions. If the Apartment Complex is located in a federal flood plain (as such term is defined in HUD rules and/or regulations), the Partnership has obtained or will obtain prior to Closing and maintain at all times flood plain insurance; provided, however, if the Apartment Complex ceases to be so located in a federal flood plain, such insurance shall no longer be required.

C. Eminent Domain. No condemnation, eminent domain or similar proceeding is pending or, to the best knowledge of the General Partners, threatened with respect to the Apartment Complex or any portion thereof and, to the best knowledge of the General Partners, no such proceeding is contemplated.

D. Management Agent. The General Partners have furnished to the Limited Partners a true, correct and complete copy of the Management Agreement pursuant to which the Management Agent will manage the Apartment Complex. The Management Agreement as in effect from and after the Closing provides that the Management Agent shall certify annually that all aspects of the Apartment Complex, and each of the tenants occupying a Tax Credit Apartment Unit is in compliance with all regulations and requirements required to qualify the Partnership to receive the full amount of the Projected Housing Credits, or the Revised Projected Housing Credits, as applicable.

E. Plans and Specifications. The Plans and Specifications are satisfactory to the General Partners and have been reviewed and approved by the Contractor, the Architect and all governmental authorities whose approval is required to construct and develop the Apartment Complex. The Improvements (i) lie within the perimeter of the Land, (ii) are being (or have been) constructed in accordance with the Plans and Specifications which have been prepared by the Architect and revised pursuant to change orders only to the extent approved as provided in Section 5.5C hereof, (iii) are being (or have been) constructed in compliance with all restrictive covenants applicable thereto, and (iv) to the best of the knowledge of the General Partners, contain no structural or other material defect (latent or otherwise). The Construction Budget indicates that the Partnership has sufficient funds to pay in full all costs and expenses related to Completion in accordance with the approved Plans and Specifications from the following sources: (i) the proceeds of the Mortgage Loans which by their terms are to be funded at or prior to Completion; (ii) net rental income of the Apartment Complex prior to Completion; and (iii) the portions of the Investor Limited Partner Contribution and the State Housing Limited Partner Contribution that are due and payable in cash at or prior to Completion. The General Partners have delivered the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved construction draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all documents pertaining to each Mortgage Loan and any other

information which is relevant to the construction and development of the Apartment Complex to the Investor Limited Partner.

F. Building Permits. All necessary building permits have been obtained with respect to the Apartment Complex, or will be obtained prior to commencing the particular work for which they are required.

G. Contractors and Liens. All contractors and subcontractors have been paid all amounts due them to date. Neither the General Partners nor the Partnership have made any contract or commitment, the performance of which could give rise to a lien against the Apartment Complex, except with a Person which has given a lien waiver with respect thereto and except as set forth in the Title Policy.

H. Construction Warranties. The General Partners have received for the benefit of the Partnership complete standard written construction and manufacturers' warranties with respect to the Improvements and all components thereof, including, without limitation, a general contractor's warranty regarding the defect-free Construction in accordance with the Plans and Specifications and all other Construction Agreements, and in accordance with all applicable building codes, and other laws, rules and regulations. The General Partners hereby expressly assign to the Partnership any and all contractor's or manufacturer's warranties (written, oral or otherwise).

I. Utilities. All utility services necessary for the construction of the Improvements and the operation of the Apartment Complex for its intended purpose, including water supply of sufficient quantity and pressure, storm and sanitary sewer facilities of adequate capacity, gas, electric, cable television and telephone facilities, are available at the boundaries of the Land and either reach the Land through adjoining public streets or if they pass through adjoining private land do so in accordance with valid, permanent, non-terminable easements. The Partnership has obtained all necessary approvals for the installation or connection of such utility services for the benefit of the Apartment Complex, made all necessary arrangements with the providers of such utility services for the installation or connection thereof for the benefit of the Apartment Complex and paid or provided for the payment of all required installation or connection costs, fees and charges. There is no impediment to the installation or connection of any utilities to the Improvements and there is no charge required therefor that has not been specifically provided for in the Construction Budget.

J. Roads. All roads necessary for the full utilization of the Apartment Complex for its intended purposes have either been completed or the necessary rights of way therefor have been acquired by the appropriate governmental authority or have been dedicated to public use and accepted by said governmental authority.

K. Commercial Space. The Apartment Complex contains approximately 11,000 square feet of commercial space. At least 80% of the gross rental income from each Building in the Project for each taxable year of the Partnership will be income from residential dwelling units.

L. Due Diligence. The General Partners have performed suitable and adequate due diligence as is customary in the industry and, in connection therewith, the General Partners discovered no condition (other than those disclosed to the Limited Partners in writing) adverse to the development and operation of the Apartment Complex or any of the assumptions,

projections or proformas delivered to the Limited Partners (including, but not limited to the Construction Budget and the Initial Projections).

M. Maintenance. The General Partners shall not, and shall cause the Management Agent not to, (i) cause or permit any waste or damage to the Apartment Complex, or (ii) allow any tenant to use an apartment unit or any of the common areas in any manner which is unlawful, hazardous, unsanitary, noxious or offensive or which unreasonably interferes with the use of the Apartment Complex by the other tenants. The General Partners shall maintain the Apartment Complex in good condition and repair, ordinary wear and tear excepted.

N. Operation. The Apartment Complex shall be operated in accordance with, and the Tax Credit Apartment Units shall be leased in compliance with, the Code, the Regulations and the Project Documents (including, without limitation, the Extended Use Agreement).

O. Payment of Impositions. The General Partners shall cause the Partnership to pay on or before the date when the same would become delinquent, any and all real estate and ad valorem taxes, personal property taxes, assessments, water rates, sewer rates, utility expenses, license fees, fines, impositions or any other charges now or hereafter levied against the Apartment Complex, or a portion of it, whether foreseen or unforeseen, ordinary or extraordinary, except to the extent being contested in good faith and in accordance with all applicable laws, rules and regulations.

P. Initial Projections. Attached hereto as Exhibit Q is a true, correct, complete, and current copy of the Initial Projections for the construction and operation of the Apartment Complex. To the best of the General Partners' knowledge the Initial Projections and the financial assumptions upon which such Initial Projections are based are reasonable and the currently available factual information set forth therein is true and correct in all material respects.

Q. Value. The General Partners reasonably anticipate that the value of the Apartment Complex at Completion will be at least equal to its development costs and that the fair market value of the Apartment Complex is reasonably anticipated to exceed the aggregate outstanding principal and interest balance on the Permanent Loans and the CADA Loan throughout the term of such loans.

#### Section 6.7 Administrative, Zoning and Environmental Compliance.

A. Compliance With Law. The Construction and the operation of the business of the Partnership comply with all applicable laws, rules, restrictions, orders and regulations of all governmental authorities, including, but not limited to, housing code, health and fire, Fair Housing Act, zoning, Americans with Disabilities Act, "wetlands" and drug-free workplace laws and regulations. All governmental certificates, authorizations, permits and licenses required to construct, operate and occupy (except for certificates of occupancy, which shall be obtained upon Completion) the Improvements have been obtained, and true, complete and current copies thereof have been provided to the Investor Limited Partner. No violation of any requirement of any governmental authority exists with respect to the Improvements and the anticipated and actual use and operation thereof complies with applicable planning, building, zoning, environmental, historic preservation and other laws, ordinances, regulations and restrictive covenants applicable thereto. No notice of violation of any statute, code, law, ordinance, regulation, or permit has been given by any governmental authority having jurisdiction over the development of the Apartment Complex which notice has not been heretofore complied with in all respects, or the defects specified therein remedied to the satisfaction of the governmental

authority, or both. There are no laws, planning rules, regulations, ordinances or requirements or procedures applicable to the Apartment Complex that would materially inhibit or materially adversely affect the operation of the Apartment Complex as a low income housing tax credit development and each General Partner shall promptly notify the Investor Limited Partner and the State Housing Limited Partner if and when it becomes aware of any non-compliance.

B. Environmental Compliance.

(i) To the best knowledge of the General Partners, (a) no Hazardous Substance was ever or is now present, used, treated, handled, transported, generated, manufactured, stored or disposed of on, at, under or about the Apartment Complex, and (b) the Apartment Complex is in compliance with all applicable Environmental Laws.

(ii) In connection with the acquisition of the Apartment Complex, the Partnership obtained a "phase I" environmental survey of the Apartment Complex consistent with good commercial practice and, to the best knowledge of the General Partners, such inquiry was sufficient for the Partnership to successfully establish an innocent landowner defense pursuant to Section 9601(35) of CERCLA. The General Partners have reviewed the "phase I" environmental survey (and any subsequent studies recommended therein) and believe the same to be true, correct and complete in all respects. To the best knowledge of the General Partners, there is no fact, circumstance, event or condition, previously or subsequently occurring, which would or does make any statement in such survey untrue, false or misleading. None of the Partnership, the General Partners nor any of their Affiliates has given any waiver or release of liability pursuant to any Environmental Law to any Person in the chain of title of the Land or the Apartment Complex.

(iii) The Partnership has not been notified by any governmental authority, or otherwise, (a) of any known or threatened release of any Hazardous Substance on, at, under or about the Apartment Complex or any other site or vessel owned, occupied or operated by the Partnership, any General Partner, any Affiliate of a General Partner or a Person for whose conduct a General Partner was responsible, or (b) that the Apartment Complex is not in compliance with any Environmental Law.

(iv) There are no storage tanks of any kind, other than those being removed as part of the Construction, on, at, under or about the Apartment Complex, nor any gas or oil production wells, nor are there any surface impoundment areas used for waste disposal or storage of any kind. The drinking water supply for the Apartment Complex is fit for human consumption and, to the best knowledge of the General Partners, is in compliance with all applicable Environmental Laws.

(v) The General Partners have implemented, or caused to be implemented, the recommendations, if any, set forth in the environmental surveys approved by the Administrative Limited Partner. If the Apartment Complex has mold or moisture problems, or the potential therefor, the General Partners shall cause the Partnership to implement a moisture management and control program for the Apartment Complex approved by the Administrative Limited Partner. Such moisture management and control program shall comply with all applicable requirements set forth in the environmental report(s) and/or engineering report(s) for the Apartment Complex provided to the Limited Partners as of the Closing.

(vi) To the best knowledge of the General Partners, there has not been in the course of the Partnership's or the General Partners' involvement with the Apartment Complex any fact, circumstance, condition, event or occurrence which should, in the exercise of

due diligence, cause the General Partners to investigate (a) the presence of any Hazardous Substance at, on, under or about the Apartment Complex, or (b) the violation of any Environmental Law, except those which have been duly investigated.

(vii) No General Partner, its Affiliates nor any Person for whose conduct any General Partner is or was responsible has ever (a) owned, occupied or operated a site or vessel on which any Hazardous Substance was or is stored (except if such storage was or is at all times in compliance with all Environmental Laws), or (b) caused or was legally responsible for any release or threat of release of any Hazardous Substance, except in compliance with applicable Environmental Laws.

(viii) The Administrative General Partner hereby agrees to indemnify, protect, defend and hold harmless the State Housing Limited Partner, the Investor Limited Partner, the Administrative Limited Partner, the Partnership and their respective partners, members, directors, officers, employees and agents (collectively "Indemnitees"), from and against any and all loss, cost, damage, action, cause of action, suit, penalty, fine, liability or expense, including, without limitation, attorneys' fees and all foreseeable and unforeseeable damages and consequential damages, including, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation of all closure and other required plans, whether such action is required or necessary prior to or following the Closing, directly or indirectly arising out of the use, generation, manufacture, presence, storage, treatment, handling, transportation or disposal, of Hazardous Substances on, under or about the Apartment Complex, including, without limitation, any migration of Hazardous Substance on, under or about the Apartment Complex from any adjacent or other nearby real property, or the violation of any Environmental Laws by any General Partner or its representatives (including the Contractor) or its Affiliates. The foregoing indemnification obligation of the Administrative General Partner shall survive the Closing, each Subsequent Closing, removal and/or withdrawal of such Administrative General Partner, a repurchase or rescission of the Limited Partners' Interests and the dissolution and termination of the Partnership. Promptly upon any Indemnatee acquiring knowledge of any matter which gives rise to the indemnification described hereunder, such Indemnatee shall notify the Administrative General Partner thereof, and the Administrative General Partner shall have the right, with counsel reasonably acceptable to the Indemnatee, to defend any such matter. Any settlement of any matter as to which indemnification is required hereunder shall require the Consent of the Administrative General Partner.

C. Default. To the best knowledge of the General Partners, none of the General Partners, the Guarantors or the Partnership is in default with respect to any law, administrative rule, regulation, judgment, decision, order, writ, injunction, decree or demand of any court or any governmental authority, and the consummation of the transactions contemplated herein will not conflict with, or constitute a breach of or default under, any of the foregoing.

D. Designated Nationals; OFAC. No portion of the Apartment Complex has been or will be purchased, improved, equipped or furnished with proceeds of any illegal activity. None of the General Partners, the Developer, any Guarantor, or, to the best of the General Partners' knowledge, the Management Agent, is a Prohibited Person, and to the best of such General Partners' knowledge, no Person who owns an equity interest in or has the ability to Control any of the foregoing is a Prohibited Person. None of the General Partners, the Developer, any Guarantor, or, to the best of the General Partners' knowledge, the Management Agent, is engaging in transactions or has dealings with a Prohibited Person or Sanctioned Country in violation of any Requirements of Law relating to money laundering, terrorism, embargoes, or sanctions.

Section 6.8      Financial Statements. The financial statements of the Partnership, the General Partners and the Guarantors for the most recent Fiscal Year, which have previously been delivered to the Investor Limited Partner, are true, complete and correct as of the date thereof, and fully and accurately reflect the financial condition and results of operations of such Persons in accordance with generally accepted accounting principles consistently applied or tax basis, as requested by the Administrative Limited Partner. There are no liabilities, direct or indirect, fixed or contingent, of any such Person nor has any such Person guaranteed the obligations of, or made any investment in or advances to, any Person, except as set forth therein. No material adverse change in the financial condition or operation of any such Person has occurred since the date thereof.

Section 6.9      Housing Credits.

A.      The General Partners have provided the Limited Partners with true, complete and correct copies of all material correspondence and contracts with, applications to, and allocation certifications, if any, from any Credit Agency concerning Housing Credits allocated or otherwise available to the Apartment Complex. The Credit Reservation is binding and in full force and effect in accordance with its terms.

B.      The Partnership has or will have the right to receive annual reports from tenants of the Apartment Complex concerning their incomes and family sizes. If required by any governmental agency, the Partnership shall provide income certifications on a form provided by such governmental agency and acknowledged by the tenants.

C.      Unless otherwise approved by the Administrative Limited Partner, the Partnership will elect under Section 42(f)(1) of the Code to have the Credit Period with respect to each building in the Apartment Complex commence with the taxable year of the Partnership set forth in the Schedule.

D.      No portion of the Apartment Complex shall fail to qualify for the accelerated cost recovery system under Section 168 of the Code, as amended, on account of any federal income tax election of the Partnership, exemption or other provision by or relating to the direct or indirect partners in the Partnership, other than the Administrative Limited Partner, the Investor Limited Partner or any direct or indirect partners of the Investor Limited Partner.

E.      All costs incurred in connection with the construction of the Apartment Complex will be includable in the eligible basis pursuant to Section 42(d)(1) and 42(d)(4) of the Code.

F.      No portion of the Apartment Complex will be depreciable under Section 168(g) of the Code. Each General Partner which is a tax exempt controlled entity, as defined under Section 168(h) of the Code, has made the elections provided for under Section 168(h)(6)(F)(ii) of the Code.

G.      It is anticipated that the Partnership will incur at least \$[60,785,193.00] of costs which are chargeable to capital accounts and of a character subject to the allowance for depreciation in connection with the Construction of the Apartment Complex. Such amount is the reasonably anticipated tax basis of the Improvements. Unless otherwise directed by the Administrative Limited Partner, the General Partners shall make an election for the Partnership to be treated as an "electing real property trade or business" pursuant Section 163(j)(7)(B) of the Code such that the interest deduction limitation imposed under Section 163(j)(7) of the Code shall



not be applicable to the Partnership, and shall depreciate the Apartment Complex over 30 years under the alternative depreciation system of Section 168(g)(1)(F) of the Code. Unless otherwise directed by the Administrative Limited Partner, the General Partners shall cause the Partnership to elect to use 100% bonus depreciation for site work and personal property. Without the Consent of the Administrative Limited Partner, the General Partner shall not allow the Partnership to file a tax return reflecting an allocation of cost to a class of property other than residential rental property that varies by more than 10% from the cost set forth in the Initial Projections.

H. Except with respect to the Tax-Exempt Loan, (i) none of the eligible basis of the Apartment Complex will be financed with the proceeds of any obligation the interest on which is exempt from tax under Section 103 of the Code, and (ii) none of the amounts that will be includable in the eligible basis of the Apartment Complex will be funded with a grant within the meaning of Section 42(d)(5)(A) of the Code.

I. The residential rental units in the Apartment Complex will be constructed for use by the general public, will be suitable for occupancy and will be used on other than a transient basis. There will be no space in the Apartment Complex that will not be used in connection with the residential rental units, except for the Commercial Space. All of the apartment units in the Apartment Complex will be of approximately the same quality standard within the meaning of Section 42(d)(3) of the Code. All of the amenities of the Apartment Complex will be available to all of the residential rental units in the Apartment Complex, without separate charge. There will not be any medical, nursing, psychiatric, food or other additional significant services provided by the Partnership or the General Partners to the tenants of the Apartment Complex. None of the Tax Credit Apartment Units will be leased to students. All of the Land is contiguous to each other parcel of such Land. None of the tenants thereof will own any interest in the Partnership or the Apartment Complex (other than each such tenant's leasehold estate) and the Apartment Complex will be occupied by tenants under leases with terms of not less than twelve months. All tenants occupying Tax Credit Apartment Units will comply with the income restrictions and other restrictions necessary to cause such units to comply with the occupancy and rent restrictions of Section 42 of the Code and the Project Documents. The Apartment Complex does not receive assistance under the HUD Section 8 Moderate Rehabilitation Program.

J. The Partnership has received a Credit Determination from the Credit Agency pursuant to Section 42(h) of the Code, in the amount set forth in the Schedule. At Completion, the qualified basis of the Apartment Complex under Section 42 of the Code is anticipated to be \$[78,971,218.00] and the Apartment Complex is anticipated to be eligible for an annual applicable credit percentage of 100% with respect thereto. The Partnership has not made a valid election to fix the applicable credit percentage. At all times after Completion, the General Partners shall operate the Apartment Complex in order to achieve and maintain Occupancy as the same may be modified pursuant to the Extended Use Agreement (assuming no repeal or amendment of Section 42 of the Code renders such qualification unpracticable), and shall cause the Apartment Complex to at all times comply with the Minimum Set-Aside Test and the Rent Restriction Test.

K. The Apartment Complex, at all times, will constitute a "qualified low-income housing project" within the meaning of Section 42(g)(1) of the Code. Each building comprising the Apartment Complex is or will be a "qualified low-income building" within the meaning of Section 42(c)(2) of the Code.

L. The qualified basis of the Apartment Complex will not decrease during the Compliance Period, and the General Partners otherwise will not take any action which would

result in the recapture of Housing Credits with respect to the Apartment Complex pursuant to Section 42(j) of the Code.

M. The Development Fee is includable in the eligible basis of the Apartment Complex for purposes of computing the amount of the Credit Determination and the Housing Credits.

N. The Partnership will execute and cause to be recorded an Extended Use Agreement before the end of the first year of the Credit Period. The Extended Use Agreement shall remain in effect throughout the Compliance Period.

O. The Partnership will apply for all IRS Forms 8609 and CTCAC Form 3521A for the Apartment Complex from the Credit Agency in a timely manner, and shall timely file any other tax or information returns or statements required by the Code. In furtherance of the foregoing, the General Partners will file IRS Form 8609 and a Form 8609-A as required by and in accordance with the Code, the Regulations and the IRS. The General Partners, on behalf of the Partnership, will claim the Housing Credits and provide the information required as set forth in Section 42(l) of the Code and Section 1.42-1T(h) of the Regulations.

P. The information and representations included in the Project Documents, and on which the Credit Agency relied in its determination to award the Credit Determination, are true, accurate and complete.

Q. The Housing Credits were reserved for (and will be allocated to) each building of the Apartment Complex pursuant to a “qualified allocation plan” as defined in Section 42(m)(1)(B) of the Code.

R. The Apartment Complex is located in a qualified census tract or a “difficult to develop area” for purposes of Section 42(d)(5)(B) of the Code.

S. The Partnership has made and will make all other appropriate Housing Credit elections (including the election of the Average Income Set-Aside Test) in a timely fashion.

T. The Tax Credit Apartment Units are not (i) located in a building which is used exclusively to facilitate the transition of homeless individuals to independent living, or (ii) located in a building in which a nonprofit entity provides individuals with temporary housing and supportive services designed to assist such individuals in locating and retaining permanent housing, or (iii) except with respect to single room occupancy units, rented on a month-to-month basis.

U. No Person holds any equity interest in the Apartment Complex other than the Partnership. The Partnership has the sole responsibility to pay all maintenance and operating costs, including all taxes levied and all insurance costs, attributable to the Apartment Complex. The Partnership, except to the extent it is protected by insurance and excluding any risk borne by Lenders, bears the sole risk of loss if the Apartment Complex is destroyed or condemned or there is a diminution in the value of the Apartment Complex. No Person except the Partnership has the right to any proceeds, after payment of all indebtedness, from the sale, refinancing or leasing of the Apartment Complex.

V. The Partnership will operate the Apartment Complex in accordance with the provisions and requirements of Section 42 of the Code for the determination of whether the Apartment Complex qualifies, and will continue to qualify, for the Housing Credits.

W. The Credit Determination was not obtained on the basis of a representation that a nonprofit or tax exempt organization is to own an interest in the Partnership. The Managing General Partner is a “qualified nonprofit organization” within the meaning of Section 42(h)(5)(C) of the Code and will materially participate in the development and operation of the Apartment Complex throughout the Compliance Period.

X. The Partnership purchased the Apartment Complex from a Person who is not a “related person,” as defined in Section 42(d)(2)(D)(ii) of the Code, with respect to the Partnership.

Y. The issuer of the Tax-Exempt Note has made the determination required under Code Section 42(m)(2)(D).

Z. At least 50% of the aggregate basis of each building of the Apartment Complex and the land on which such building is or will be located, for purposes of Section 42(h)(4) of the Code, will be financed by the proceeds of tax-exempt obligations which were issued under the volume limitations pursuant to Section 146 of the Code.

#### Section 6.10 Qualified Nonrecourse and Commercial Financing.

A. All of the debt secured or contemplated to be secured by the Apartment Complex, including without limitation, the Permanent Loans (the “Apartment Complex Debt”), is (except for any construction financing which is intended to be refinanced with the proceeds of the Permanent Loans) nonrecourse as to the Partnership and no Person has any personal liability with respect to such Apartment Complex Debt (excluding for this purpose, however, any form of credit enhancement provided by a financial institution which is not a “related person” (as defined in Section 465(b)(3)(C) of the Code) with respect to the Partnership, any of its Partners or any of its former partners) and otherwise conforms with Section 1.752-2(d) of the Regulations. None of the Apartment Complex Debt is convertible into equity of any kind.

B. Each component of the Apartment Complex Debt (i) represents a loan from a federal, state or local government or instrumentality thereof, or is guaranteed by a federal state or local government, or (ii) is borrowed from a Person which is actively and regularly engaged in the business of lending money and which is not (1) a “related person” (as defined in Section 49(a)(1)(D)(v) of the Code) with respect to the Partnership or any of its present or former partners, (2) a Person from which the Partnership acquired the Land or the Apartment Complex, (3) a Person which has received or will receive a fee with respect to the Partnership’s investment in the Apartment Complex, or (4) a “related person” (as defined in Section 49(a)(1)(D)(v) of the Code) with respect to any Person described in the foregoing clause (2) or (3).

C. Each component of the Apartment Complex Debt which does not represent a loan from a federal, state or local government or instrumentality thereof (or a loan guaranteed by a federal, state or local government) is borrowed from a “qualified person” (as defined in Section 49(a)(1)(D)(iv) of the Code) and constitutes “qualified commercial financing” (as defined in Section 49(a)(1)(D)(ii) of the Code) as modified by Section 42(k) of the Code and “qualified nonrecourse financing” (as defined in Section 465(b)(6)(B) of the Code), in each case with respect

to the Partnership, each of its Partners and each of its former partners and otherwise conforms with Section 1.752-2(d) of the Regulations.

D. The documentation evidencing each component of the Apartment Complex Debt requires that a copy of each notice to be given to the Partnership or to any Partners shall also be given to the Administrative Limited Partner and/or the Investor Limited Partner at its address for notices determined pursuant to Section 16.4 hereof.

E. The General Partners shall use best efforts to cause each Mortgage (subsequent to commencement of the Permanent Financing Phase) to be subordinate to the provisions of Code Section 42(h)(6)(E)(ii).

Section 6.11 Prior Activities. None of the General Partners, Guarantors or any Affiliate of a General Partner or Guarantor has ever sought the protection of or been subject to any proceeding under any Bankruptcy Law. Neither any lender nor any governmental agency has ever instituted foreclosure proceedings, judicial or non-judicial, with respect to any loan or any subsidy agreement secured by any housing or other project in which any General Partner, Guarantor or any Affiliate of a General Partner or Guarantor has or had an interest. None of the General Partners, Guarantors or any Affiliate thereof has ever been indicted for any criminal activity, including criminal fraud or for any similar crime, or had a complaint filed against it alleging violation of any anti-fraud provision of state or federal securities law or alleging violation of any registration or reporting provision of state or federal securities law, nor has any such Person ever (a) had a judgment rendered against it as a defendant (or admitted to liability) in any action based upon civil fraud or misrepresentation, or (b) been debarred or otherwise declared ineligible to participate in any federal program.

Section 6.12 Tax Matters. The Partnership, each General Partner, each Guarantor and the Developer has timely filed all federal, state and local tax returns required to be filed by it and have paid all taxes shown on such tax returns as they become due. No governmental authority has initiated any inquiry, investigation, audit or other administrative action questioning any tax return which has been filed by the Partnership. The General Partners will at all times take such actions necessary to permit the Partnership to be treated as a partnership for federal income tax purposes, and will refrain from making any election or taking any action which would adversely affect such treatment. The General Partners shall, at the direction of the Administrative Limited Partner, make or revoke any election permitted the Partnership by any taxing authority.

Section 6.13 Untrue or Misleading Statements. The documents delivered to the Limited Partners (including the State Housing Limited Partner) hereunder or attached hereto as Exhibits or Schedules and all Closing Documents and Due Diligence Documents, all material information concerning the Apartment Complex, the Partnership, the Developer, each General Partner, and each of the Guarantors, and any other documents delivered to the Investor Limited Partner or the State Housing Limited Partner by the General Partners and their Affiliates constitute true, correct and complete copies of the instruments which they purport to be as of the date delivered and, with respect to each of such documents, there is no other document of the same sort or amendment or other related agreement which has been executed by the parties thereto. All of the representations and warranties contained in any documents delivered to the Limited Partners (including the State Housing Limited Partner) hereunder or attached hereto as Exhibits or Schedules shall be true, correct and complete as of their respective dates and as of the Closing Date and any Subsequent Closing Date, as if made on such dates. No fact necessary to make the information and statements contained in this Article 6 not misleading has been omitted therefrom, and to the best knowledge of the General Partners, no material fact concerning the

Apartment Complex, the Housing Credits, the General Partners, the Partnership, the Guarantors, the Developer or the Preexisting Limited Partner has been withheld from the Limited Partners (including the State Housing Limited Partner) and no material document has not been delivered to the Limited Partners (including the State Housing Limited Partner). All of the covenants, representations and warranties contained herein shall survive the Closing and every Subsequent Closing.

Section 6.14      Scope of Representations. The Limited Partners' (including the State Housing Limited Partner) due diligence review of the Apartment Complex, the Partnership and the General Partners shall not diminish the scope or enforceability of any of the foregoing representations and warranties. For purposes of this Article 6, the term "General Partners' knowledge" or "knowledge of the General Partners" shall include the knowledge of the General Partners, the Guarantors and all Affiliates of the General Partners.

## ARTICLE 7

### RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 7.1      Management of the Partnership. Except as otherwise provided herein, no Limited Partner (including the State Housing Limited Partner) shall take part in the management or control of the business of the Partnership nor transact any business in the name of the Partnership. Except as otherwise expressly provided in this Agreement, no Limited Partners (including the State Housing Limited Partner) shall have the power or authority to bind the Partnership or to sign any agreement or document in the name of the Partnership.

Section 7.2      Limitation on Liability of Limited Partners. The Limited Partners (including the State Housing Limited Partner) shall not be liable for any debts, liabilities, contracts or obligations of the Partnership except to the extent a Limited Partner (including the State Housing Limited Partner) shall specifically undertake such liability pursuant to a separate written instrument. The Limited Partners (including the State Housing Limited Partner) shall be liable to the Partnership only to make payments of their Capital Contributions as and when due hereunder and, after such Capital Contributions shall be fully paid, the Limited Partners (including the State Housing Limited Partner) shall not, except as otherwise required by the Uniform Act, be required to make any further capital contribution or lend any funds to the Partnership. Throughout this Agreement where the authority of a General Partner is conditioned upon first receiving the Consent of a Limited Partner (including the State Housing Limited Partner), the granting or failure to grant such Consent will not transform the status of such Limited Partner (including the State Housing Limited Partner) to that of a *de facto* General Partner or make such Limited Partner liable in any way for the debts of the Partnership.

Section 7.3      Other Activities. The Limited Partners (including the State Housing Limited Partner) may engage in or possess interests in other business ventures of every kind and description for its own account, including, without limitation, serving as general or limited partner of other partnerships and/or serving as managing or non-managing member of limited liability companies which own, either directly or through interests in other partnerships and limited liability companies, housing projects similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any right by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

Section 7.4      Rescission.

A. If any Investment Termination Event occurs, then the Investor Limited Partner will have the right, at its election, and in its sole and absolute discretion, to rescind and/or cause the Partnership to repurchase the Alliant Limited Partner's and State Housing Limited Partner's investment in the Partnership in accordance with Section 7.4B below. As used herein, the term "Investment Termination Event" means:

(i) Completion does not occur on or before the earlier to occur of (a) Completion Date, or (b) the date required by the Code and the Credit Agency to preserve the Housing Credits and the tax exempt status of the Tax-Exempt Note with respect to the Apartment Complex; or

(ii) The General Partners default with respect to its obligations in Section 3.10; or

(iii) Prior to the end of the Operating Deficit Guaranty Period, there is an uncured default under any Mortgage Loan or there is an event of default which, with the giving of notice or passage of time or both, would constitute a default, in either case such default potentially or actually resulting in an acceleration thereof, or potentially or actually resulting in a termination of a Permanent Loan Commitment (unless such commitment is replaced with a commitment no less favorable to the Partnership from a responsible and reputable institutional lender within sixty (60) days), or a foreclosure action is commenced against the Apartment Complex; or

(iv) Prior to the later of "placement in service" of the Apartment Complex (as defined in Section 42 of the Code), and the time that the Partnership meets the Fifty Percent Test, any redemption of all or any portion of the Tax-Exempt Note occurs or, at any time, a determination of taxability occurs with respect to the Tax-Exempt Note; or

(v) The Partnership fails to meet the Fifty Percent Test; or

(vi) Commencement of the Permanent Financing Phase does not occur in a manner which complies with the requirements of this Agreement and within the time period required by the documents evidencing and governing the Mortgage Loans; or

(vii) IRS Forms 8609 are not issued for all buildings in the Apartment Complex on or before the earlier to occur of (a) [April 1], 2024, or (b) the date required under the Code or by the Credit Agency to preserve the Housing Credits for the Apartment Complex (subject, in either case, to delays in issuance thereof solely due to inaction of the Credit Agency); or

(viii) Initial Occupancy with respect to all apartment units in the Apartment Complex does not occur on or before [December 1], 2023; or

(ix) Rental Achievement does not occur on or before [February 1], 2024; or

(x) A casualty shall have occurred with respect to the Apartment Complex if insurance proceeds are insufficient to fully restore the Apartment Complex to its condition immediately prior to such casualty, or the Apartment Complex is not fully restored to its

condition immediately prior to such casualty within twenty four months of such casualty or such earlier date as may be required by the Code or the Credit Agency to preserve the Housing Credits; or

(xi) The General Partners and/or the Partnership fail to comply with any requirement of the Credit Agency which may have a material adverse effect on the Credit Determination, including, without limitation, a reduction in the Projected Housing Credits; or

(xii) The Actual Housing Credits available to the Limited Partners (including the State Housing Limited Partner) are less than eighty percent (80%) of the Projected Housing Credits; or

(xiii) At any time prior to Rental Achievement, an action is commenced to abandon or permanently enjoin the construction of the Apartment Complex; or

(xiv) Non-achievement of the Minimum Set Aside Test and/or the Rent Restriction Test by the end of the first year of the Credit Period; or

(xv) Break-Even has not occurred within eighteen (18) months of Completion; or

(xvi) Prior to Rental Achievement, a Major Default exists under Section 11.4 hereof which has not been timely cured.

If Completion of the Apartment Complex is delayed due to Force Majeure, the Completion Date may be extended for the period of time that such Force Majeure causes the delay, but in no event so long as to result in the loss or recapture of any Housing Credits by the Partnership.

B. If any Investment Termination Event occurs, the Administrative General Partner shall send a written notice in accordance with Section 16.4 hereof to the Investor Limited Partner, the State Housing Limited Partner and the Administrative Limited Partner identifying the Investment Termination Event within ten (10) days thereafter, which notice (the "Rescission Notice") shall also automatically constitute an offer by the Administrative General Partner and its Affiliates to return (1) the Investor Limited Partner Contribution to the Investor Limited Partner (together with interest thereon at the Interest Rate from the date on which each installment of the Investor Limited Partner Contribution was actually advanced to the Partnership), and (2) the State Housing Limited Partner Contribution to the State Housing Limited Partner (together with interest thereon at the Interest Rate from the date on which each installment of the State Housing Limited Partner Contribution was actually advanced to the Partnership), plus all expenses (including, without limitation, any penalties and reasonable costs of in-house and outside legal counsel) incurred by the Limited Partners (including the State Housing Limited Partner) in connection with their participation in the Partnership and enforcing their rights hereunder and under the Guaranty Agreement, less an amount equal to the value of the aggregate Actual Federal Housing Credits actually allocated to the Investor Limited Partner and State Housing Limited Partner (if any) plus the value of the aggregate Actual State Housing Credits actually allocated to the State Housing Limited Partner (if any) and not subject to recapture prior to the date of the Rescission Notice (the "Rescission Payment"). If the Limited Partners (including the State Housing Limited Partner) wish to accept the foregoing offer (collectively, the "Offer"), the Investor Limited Partner and the State Housing Limited Partner shall each send written acceptance of the Offer to the Administrative General Partner by that date which is sixty (60) days after receipt of the Rescission Notice, in which event the Administrative General Partner and the Partnership shall fulfill their obligations

under the Offer within ten (10) days after acceptance of the Offer. Furthermore, if the Administrative General Partner fails to give the Rescission Notice as required above, the Investor Limited Partner and State Housing Limited Partner may each, at its option, at any time after acquiring notice of the event giving rise to the right of rescission, unilaterally give written notice of its election to rescind, which shall be deemed acceptance of the Offer that the Administrative General Partner was required to make. Upon acceptance of the Offer, the Limited Partners (including the State Housing Limited Partner) shall have no further liability to the Partnership or the General Partners and upon making the Rescission Payment, and the other sums required pursuant to the Offer, the Interests shall terminate and the General Partners shall forthwith cause an amendment to the Articles to be filed (if required by State law) reflecting the withdrawal of the Limited Partners (including the State Housing Limited Partner). Notwithstanding the foregoing, in addition to the continuing indemnification obligation of the Administrative General Partner to the Limited Partners under Section 6.7B(viii), the Administrative General Partner shall protect, indemnify and hold harmless the Limited Partners (including the State Housing Limited Partner) and the partners or members of the Limited Partners (including the State Housing Limited Partner) from any claim, liability, loss or damage incurred by them in connection with their participation in the Partnership.

## ARTICLE 8

### MANAGEMENT AGENT

Section 8.1      Designation of Management Agent. The General Partners shall have the responsibility for managing the Apartment Complex and obtaining a Management Agent, the choice of which (other than the party designated in the Schedule) shall require the Consent of the Administrative Limited Partner (and the consent of any Lender or governmental agency, if required). The Management Agent at the Closing shall be the party so designated in the Schedule.

Section 8.2      Management Fee. The Management Agent shall receive a management fee payable by the Partnership on an annual basis in an amount equal to \$45.00 per unit per month for management services in accordance with the Management Agreement as approved by each Credit Agency (if such approval is required) and the Administrative Limited Partner. Notwithstanding the foregoing, if at any time the Management Agent is an Affiliate of any General Partner, Guarantor or Developer, payment of the management fee shall be subordinate to payment of Expenditures, and any portion of the management fee which is not paid shall accrue without interest and be paid from available Cash Flow in accordance with Section 9.2A hereof. Any Management Agreement shall be for a term not to exceed one year and shall be renewable for additional one year terms unless terminated by thirty (30) days prior written notice of either party to the other. No payment or penalty shall be payable by the Partnership for failure to renew any such agreement. Unless the Administrative Limited Partner Consents, the Management Agent shall not enter into any sub-agreement whereby a Person other than the Management Agent would perform management services for the Apartment Complex, and if the Administrative Limited Partner so Consents, any such sub-agreement shall not be terminated, amended or otherwise modified without the Consent of the Administrative Limited Partner. The Management Agreement shall be terminable without penalty (a) if there exists any building code violation (which is not timely cured within seven (7) days from notice of such violation), or (b) if the Management Agent fails to comply with any applicable compliance rule and/or record keeping or reporting requirement under Section 42 of the Code and the Regulations, rulings and policies related thereto (which is not timely cured within thirty (30) days from notice of such non-compliance), or (c) if any Tax Credit Apartment Unit ceases to qualify under Section 42 of the Code, or (d) on



account of the Management Agent's willful misconduct or gross negligence, or material mismanagement of the Apartment Complex, or (e) if, after the expiration of the Operating Deficit Guaranty Period, there occurs an Operating Deficit for any consecutive six-month period, or (f) upon any removal and/or withdrawal of any General Partner from the Partnership, or (g) if the Management Agent is Bankrupt or is dissolved or makes an assignment for the benefit of its creditors, (the foregoing events shall be referred to herein as "Termination Events").

Section 8.3      Absence of Management Agent. The General Partners will have the duty to manage the Apartment Complex during any period when there is no Management Agent and the Partnership will pay the General Partners for such services an annual management fee equal to such amount as each Credit Agency and the Administrative Limited Partner may approve from time to time; provided, however, in no event may any General Partner manage the Apartment Complex hereunder for a period in excess of ninety (90) days without the Consent of the Administrative Limited Partner.

Section 8.4      Rights of Administrative Limited Partner. Subject to the approval of each Credit Agency, if required, and notwithstanding any longer term of any Management Agreement or other contract, the Administrative Limited Partner shall have the right in the event a General Partner is removed pursuant to this Agreement or withdraws in lieu of removal, to terminate the Management Agreement and every other contract, except for the Development Services Agreement, between the Partnership and the General Partners and/or Affiliates of any General Partner by notice, effective simultaneously with such removal or withdrawal in lieu of removal, and without the approval of any Credit Agency, to offset amounts due to the Partnership by such General Partner that arise out of this Agreement or any other such agreements, against amounts owed by the Partnership to such General Partner or its Affiliates. Further, subject to all applicable notice and cure periods provided in Section 8.2 hereof, the Administrative Limited Partner, in the exercise of its sole discretion and by written notice (the "Management Agent Termination Notice") sent to the General Partners, shall have the right to cause the General Partners to terminate the Management Agreement in the event that any of the Termination Events occur. In the event that the General Partners do not terminate the Management Agreement within ten (10) days of receipt of the Management Agent Termination Notice, then the Administrative Limited Partner, in the exercise of its sole discretion and by written notice to the Management Agent and the General Partners, shall be entitled to terminate the Management Agreement on behalf of the Partnership. The General Partners hereby represent and warrant to the other Partners that the Management Agreement and all existing contracts between the Partnership and any of the General Partners or Affiliates of any of the General Partners (other than the Development Services Agreement) have been amended to contain this right and the General Partners shall not enter into any future contract with the Partnership or cause the Partnership to enter into any future contract with any of their Affiliates which does not contain such right. The Administrative Limited Partner shall provide notice to the State Housing Limited Partner if the Administrative Limited Partner exercises its rights pursuant to this Section 8.4.

## ARTICLE 9

### DISTRIBUTIONS; ALLOCATIONS OF PROFITS AND LOSSES; TAX CREDITS

Section 9.1      Profits, Losses and Housing Credits.

A.      Profits and Losses Other Than from Sale or Refinancing Transaction.

(i) Profits. Profits other than from a Sale or Refinancing Transaction for any taxable year shall be allocated 99.97% to the Investor Limited Partner, 0.01% to the Administrative Limited Partner, 0.01% to the State Housing Limited Partner, 0.005% to the Managing General Partner and 0.005% to the Administrative General Partner.

(ii) Losses. Losses other than from a Sale or Refinancing Transaction for any taxable year shall be allocated 99.97% to the Investor Limited Partner, 0.01% to the Administrative Limited Partner, 0.01% to the State Housing Limited Partner, 0.005% to the Managing General Partner and 0.005% to the Administrative General Partner.

B. Profits and Losses From Sale or Refinancing Transaction.

(i) Profits. Profits from a Sale or Refinancing Transaction for any taxable year shall be allocated as follows:

(a) First, an amount of Profits from a Sale or Refinancing Transaction equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners (other than the Managing General Partner) having negative Capital Account balances shall be allocated to the Partners having negative Capital Account balances in proportion to their negative Capital Account balances until all such Capital Accounts have a zero balance; and

(b) The balance, to the Partners in a manner so as to cause the positive Capital Account balance of each Partner to be equal to the amount that would have been distributable to such Partner if an amount equal to the sum of (i) the positive Capital Account balances of all Partners, determined prior to any allocation under this Section 9.1B(i)(b) with respect to such Sale or Refinancing Transaction, plus (ii) the Profits to be allocated among the Partners pursuant to this Section 9.1B(i)(b) with respect to such Sale or Refinancing Transaction, were distributed among the Partners pursuant to clauses (iii) and (viii) of Section 9.2B hereof.

(ii) Losses. Losses from a Sale or Refinancing Transaction for any taxable year shall be allocated in the following order and priority:

(a) First, an amount of Losses from a Sale or Refinancing Transaction equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive Capital Account balances shall be allocated to the Partners having positive Capital Account balances in proportion to their positive Capital Account balances until all such Capital Accounts have a zero balance; and

(b) The balance, if any, to those Partners who bear the Economic Risk of Loss in proportion to the loss borne.

(iii) For purposes of the allocations of Profits and Losses from a Sale or Refinancing Transaction, a Partner's Capital Account shall be determined immediately prior to the event giving rise to the Profits and Losses as if, at such time, the books of the Partnership had been closed as though at the end of the taxable year. If, in any taxable year, there is a sale of a portion but less than substantially all of the Partnership property, then solely for purposes of allocating Profits or Losses from a Sale or Refinancing Transaction each Partner's Capital Account shall be deemed to be credited with such Partner's share of Partnership Minimum Gain and/or Partner Nonrecourse Debt Minimum Gain remaining after any allocation of Profit or Loss pursuant to Section 9.1D hereof attributable to such sale.

C. Limitation on Allocation of Losses. The aggregate Losses allocated to the Partners pursuant to Section 9.1A(ii) or 9.1B(ii) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Partner to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Partners would have Adjusted Capital Account Deficits as a consequence of an allocation pursuant to Section 9.1A(ii) or 9.1B(ii) hereof, the limitation set forth in this Section 9.1C shall be applied on a Partner-by-Partner basis so as to allocate the maximum permissible Losses to each Partner who is not a General Partner under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

D. Special Allocations. The following special allocations, subject to Section 9.1M, shall be made in the following order and priority:

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 9.1, if there is a net decrease in Partnership Minimum Gain during any Fiscal Year or other period, each Partner shall be specially allocated items of Partnership income and gain for such year or other period (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, determined in accordance with Section 1.704-2(g)(2) of the Regulations. Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to the various Partners pursuant thereto. The items to be so allocated shall be determined in accordance with Section 1.704-2(f)(6) of the Regulations. This Section 9.1D(i) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith. To the extent permitted by such Section of the Regulations and for purposes of this Section 9.1D(i) only, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to this Section 9.1D with respect to such Fiscal Year or other period.

(ii) Partner Nonrecourse Debt Minimum Gain Chargeback. Notwithstanding any other provision of this Section 9.1 except Section 9.1D(i) hereof, if there is a net decrease in Partner Nonrecourse Debt Minimum Gain attributable to a Partner Nonrecourse Debt during any Fiscal Year or other period, each Partner with a share of the Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations shall be specially allocated items of Partnership income and gain for such year or other period (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(4) of the Regulations. Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to the various Partners pursuant thereto. The items to be so allocated shall be determined in accordance with Section 1.704-2(i)(4) of the Regulations. This Section 9.1D(ii) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith. Solely for purposes of this Section 9.1D(ii), each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to this Section 9.1D with respect to such Fiscal Year or other period, other than allocations pursuant to Section 9.1D(i) hereof.

(iii) Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Partnership income and gain shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible, provided that an allocation pursuant to this

Section 9.1D(iii) shall be made only if and to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 9.1 have been tentatively made as if this Section 9.1D(iii) were not in this Agreement.

(iv) Gross Income Allocation. In the event any Partner has a deficit Capital Account at the end of any Fiscal Year that is in excess of the sum of (i) the amount such Partner is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Partner is deemed to be obligated to restore pursuant to Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations, each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 9.1D(iv) shall be made only if and to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 9.1 have been tentatively made as if this Section 9.1D(iv) and Section 9.1D(iii) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year or other period shall be specially allocated 99.97% to the Investor Limited Partner, 0.01% to the Administrative Limited Partner, 0.01% to the State Housing Limited Partner, 0.005% to the Managing General Partner and 0.005% to the Administrative General Partner.

(vi) Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any Fiscal Year or other period shall be allocated, in accordance with Section 1.704-2(i)(1) of the Regulations, to the Partner that bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable.

(vii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required to be taken into account in determining Capital Accounts pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

(viii) Basis Increases. In the event the adjusted tax basis of any investment credit property that has been placed in service by the Partnership is increased pursuant to Section 50(c) of the Code, such increase shall be specially allocated among the Partners (as an item in the nature of income or gain) in the same proportions as the investment tax credit that is recaptured with respect to such property is shared among the Partners.

(ix) Basis Reductions. Any reduction in the adjusted tax basis (or cost) of Partnership investment credit property pursuant to Section 50(c) of the Code shall be specially allocated among the Partners (as an item in the nature of expenses or losses) in the same proportions as the basis (or cost) of such property is allocated pursuant to Section 1.46-3(f)(2)(i) of the Regulations.

E. Curative Allocations. The “Regulatory Allocations” consist of (x) allocations made to a Partner (or predecessor) under Sections 9.1D(iii) and 9.1D(iv) hereof, allocations to be made to a Partner (or predecessor) under Section 9.1D(i) hereof to the extent the cumulative amount of such allocations exceeds the cumulative amount of Nonrecourse Deductions allocated

to such Partner (or predecessor), and (y) allocations made to a Partner (or predecessor) under Section 9.1D(ii) hereof to the extent the cumulative amount of such Allocations exceeds the cumulative amount of Partner Nonrecourse Deductions allocated to such Partner (or predecessor). Notwithstanding any other provisions of this Section 9.1 (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Partners so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Partner shall be equal to the net amount that would have been allocated to each such Partner if the Regulatory Allocations had not occurred.

F. Other Allocation Rules.

(i) For purposes of computing the Profits, Losses or other items allocable to any period, Profits, Losses and any other such items shall be determined on a daily, monthly, or other basis, as determined by the General Partners using any permissible method under Code Section 706 and the Regulations thereunder.

(ii) For purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Section 1.752-3(a)(3) of the Regulations (or the equivalent sections of any earlier Regulations which may be determined to be applicable), the Partners' interests in Partnership Profits shall be allocated 0.005% to the Managing General Partner, 1.00% to the State Housing Limited Partner, 0.005% to the Administrative General Partner, 0.01% to the Administrative Limited Partner and 98.98% to the Investor Limited Partner.

(iii) To the extent permitted by Sections 1.704-2(h) and 1.704-2(i)(6) of the Regulations, the General Partners shall endeavor to treat distributions of Cash Flow and Sale or Refinancing Transaction Proceeds as having been made from proceeds of Nonrecourse Debt or Partner Nonrecourse Debt only to the extent that such distributions would have otherwise caused or increased an Adjusted Capital Account Deficit for any Partner.

(iv) The basis (or cost) of any Partnership investment credit property shall be allocated among the Partners in accordance with Section 1.46-3(f)(2)(i) of the Regulations.

(v) In the event Partnership investment credit property is disposed of during any taxable year, Profits for such taxable year (and, to the extent such Profits are insufficient, Profits for subsequent taxable years) in an amount equal to the excess, if any, of (i) the reduction in the adjusted tax basis (or cost) of such property pursuant to Section 50(c) of the Code, over (ii) any increase in the adjusted tax basis of such property pursuant to Section 50(c) of the Code caused by the disposition of such property, shall be excluded from the Profits allocated pursuant to Sections 9.1A and 9.1B hereof and shall instead be allocated among the Partners in proportion to their respective shares of such excess, determined pursuant to Sections 9.1D(viii) and 9.1D(ix) hereof. In the event more than one item of such property is disposed of by the Partnership, the foregoing sentence shall apply to such items in the order in which they are disposed of by the Partnership, so that Profits equal to the entire amount of such excess with respect to the first such property disposed of shall be allocated prior to any allocations with respect to the second such property disposed of, and so forth.

G. Tax Allocations.

(i) In General. Except as otherwise provided in this Agreement, all items of Partnership income, gain, loss, deduction, and any other allocations not otherwise provided for shall be allocated among the Partners for tax purposes in the same proportions as they are allocated Profits or Losses or items thereof pursuant to Section 9.1 hereof for such year. Any elections or other decisions relating to such allocations shall be made by the General Partners in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 9.1G are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Person's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

(ii) Section 704(c) of the Code. In accordance with Section 704(c) of the Code and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership or owned by the Partnership upon the occurrence of any of the events described in Section 1.704-1(b)(2)(iv)(f)(5) of the Regulations shall, solely for tax purposes (and not for purposes of determining Capital Accounts or allocating Profits, Losses or items thereof), be allocated among the Partners so as to take into account any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and (i) its Asset Value at the time of the contribution or as adjusted for the occurrence pursuant to paragraph (ii) of the definition of Asset Value set forth herein, as the case may be, or (ii) its fair market value at the time of the occurrence if the Asset Value is not adjusted pursuant to said paragraph. Notwithstanding the foregoing, no allocation shall be made pursuant to clause (ii) of this Section 9.1(G)(ii) if an equivalent allocation has been made pursuant to Section 9.1(G)(i) hereof in connection with a transaction that would otherwise result in an allocation pursuant to this Section 9.1(G)(ii). The foregoing provision is intended to comply with Section 704(c) of the Code and with Section 1.704-1(b) of the Regulations. To the extent permitted by the Code and Regulations, any variation referred to in this Section 9.1G(ii) shall be taken into account by allocations of gain from a disposition and not through allocations of depreciation.

(iii) Recapture. Gain from the disposition of Partnership assets which is allocated to a Partner for tax purposes shall include, to the extent possible, ordinary income consisting directly or indirectly of recaptured deductions (for depreciation or otherwise) to the same extent and in the same proportion as such deductions were previously allocated to such Partner.

(iv) Section 751 Assets. In the event that a Partner (other than a Partner who becomes a Partner by purchasing the Interest in the Partnership of another Partner) is admitted (an "Admission") to the Partnership after the date hereof or in the event that a Partner's interest in Profits or Losses is increased (an "Increase") after the date hereof, the Partner so admitted shall obtain no interest, or the Partner so increased shall obtain no greater interest than prior to the Increase, in the Partnership's "unrealized receivables" (as defined in Section 751(c) of the Code), determined immediately prior to such Admission or Increase. As the respective interests in such "unrealized receivables" of the Partners who were Partners prior to such Admission or such Increase are not reduced thereby, the Partner so admitted or so increased shall, to the extent required, obtain a greater than proportionate interest in the Partnership's other assets (including the assets contributed by such Partner), determined after giving effect to such Admission or Increase.

(v) Housing Credits.

(a) Pursuant to Section 1.704-1(b)(4)(ii) of the Regulations, Federal Housing Credits shall be allocated among the Partners in accordance with their respective shares of Partnership expenditures that give rise to such Federal Housing Credits in the taxable year to which such Federal Housing Credits relate. Because the allocations of Nonrecourse Deductions, Losses and Profits (and related items of income and deductions) provide for allocations of expenditures which give rise to Federal Housing Credits in the ratio of 99.97% to the Investor Limited Partner, 0.01% to the Administrative Limited Partner, 0.01% to the State Housing Limited Partner, 0.005% to the Managing General Partner and 0.005% to the Administrative General Partner, the Partners intend that Federal Housing Credits shall be allocated 99.97% to the Investor Limited Partner, 0.01% to the Administrative Limited Partner, 0.01% to the State Housing Limited Partner, 0.005% to the Managing General Partner and 0.005% to the Administrative General Partner.

(b) In the event there occurs a Federal Housing Credit Recapture Event, then, pursuant to Section 42(j)(1) of the Code, Federal Housing Credits shall be recaptured by the Partners who originally claimed said Federal Housing Credits, in proportion to the ratio in which such recaptured Federal Housing Credits were claimed.

(c) State Housing Credits shall be allocated 100% to the State Housing Limited Partner.

(vi) Special Allocation. In the event that any fee payable to a for-profit General Partner or a for-profit Affiliate of a General Partner is determined to be a non-deductible or non-capitalizable distribution from the Partnership to a Partner for federal income tax purposes, then there shall be allocated to such for-profit General Partner an amount of gross income equal to such distribution.

(vii) Interest Allocation. Notwithstanding Section 9.1A hereof, gross income for each Fiscal Year prior to placement in service of the Apartment Complex in the amount of any interest earned by the Partnership for each such Fiscal Year that is attributable to (a) the investment of the proceeds of tax-exempt bonds, (b) reserves, including without limitation, any Replacement Reserve Account or Operating Deficit Reserve Account, or (c) any other accounts of the Partnership on which interest is earned, shall be specially allocated to the Administrative General Partner.

H. Order of Priority. The allocation and distribution provisions of this Agreement will be applied in such order as may be determined by the Accountants, with the Consent of the Investor Limited Partner, to be in accordance with the Code and otherwise reflective of the economic effect of the provisions of this Agreement.

I. Capital Account Covenant. In the event the Investor Limited Partner shall give notice to the General Partners that, in the reasonable judgment of the Investor Limited Partner, its Capital Account as of the close of the tax year in which such notice is given either will have a zero balance or there will be an increase in Partnership Minimum Gain for such year, the General Partners shall take all such action as may be necessary to assure that any outstanding balance of the Deferred Development Fee shall constitute "nonrecourse liability" of the Partnership as such term is defined in Section 1.752-1(a)(2) of the Regulations or any successor regulation. One such action shall be the assignment of the outstanding balance of the Deferred

Development Fee to any entity which is not a “related person,” as defined in Section 42(d)(2)(D)(ii) of the Code, with respect to the Partnership.

J. Grant Income Allocation. Any taxable income arising from any grant of funds to the Partnership in any Fiscal Year shall be allocated to the Administrative General Partner for such Fiscal Year and the Administrative General Partner and Guarantors jointly and severally agree to indemnify and hold the Investor Limited Partner, Administrative Limited Partner and State Housing Limited Partner harmless from the reduction in benefits or income tax consequences attributable such allocation.

K. Special Covenant of General Partners. The General Partners do hereby covenant and agree to monitor the Limited Partners’ (including the State Housing Limited Partner) Capital Accounts during the Credit Period such that the allocation of 99.99% of the Federal Housing Credits shown on the IRS Forms 8609 issued by the Credit Agency for each building comprising the Apartment Complex to the Limited Partners (including the State Housing Limited Partner) is preserved.

L. Special Income Allocation. While the State Housing Limited Partner is expected to be treated as a partner of the Partnership for federal and state income tax purposes with any State Housing Limited Partner Capital Contribution not resulting in any income recognition for the Partnership, any income (“State LIHTC Income”) arising from the receipt of the Capital Contribution made by the State Housing Limited Partner in connection with its admission as a limited partner of the Partnership in a Fiscal Year, if any, shall be allocated to the Administrative General Partner for such Fiscal Year. If any State LIHTC Income is allocated to any Alliant Limited Partner, then the Administrative General Partner shall indemnify, defend, protect and hold harmless any Alliant Limited Partner which was allocated such income from any and all claims, liabilities, damages, losses, actions, causes of action, suits, penalties, fines, costs and expenses, including, without limitation, investigating and defending any claims and lawsuits and settlement thereof, and legal and accounting costs incurred in connection therewith, which may be made or imposed on such Alliant Limited Partner by reason of such allocation of income.

M. Qualified Allocations. Notwithstanding anything to the contrary contained herein, the Managing General Partner will not be allocated less than or more than 0.005% of each item of Partnership income, gain, loss, deduction, credit and basis throughout the entire period that the Managing General Partner is a Partner. It being the express intent of the parties hereto to maintain “qualified allocations” as such term is defined in the Code with respect to the Managing General Partner.

Section 9.2 Distribution and Application of Cash Flow and Sale or Refinancing Transaction Proceeds. Except as otherwise provided by this Agreement or required by law (including all applicable rules, directives and regulations of each Credit Agency), cash distributions shall be made to the Partners as set forth in this Section 9.2. No Partner shall be permitted to take a cash distribution at any other time or in any other manner.

A. Cash Flow shall be distributed within ninety (90) days after the end of each calendar quarter and applied in the following order of priority:

(i) To the Limited Partners (including the State Housing Limited Partner) in an amount equal to any unpaid Federal Housing Credit Shortfall Payment and to the State Housing Limited Partner in an amount equal to any unpaid State Housing Credit Shortfall Payment, on a pari passu basis in proportion to amounts contributed by each;



(ii) To replenish any funds disbursed from the Operating Deficit Reserve Account pursuant to Section 4.4 hereof until the Operating Deficit Reserve Account is funded to the Operating Reserve Amount;

(iii) To pay interest on any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), from Partners or their Affiliates provided for herein, pro rata in accordance with the amount of interest accrued as of the date of such distribution;

(iv) To repay principal of any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), payable to Partners or their Affiliates, pro rata in accordance with the amount of the principal balances as of the date of such distribution;

(v) To pay in full any unpaid ILP Asset Management Fees and SHLP Asset Management Fees on a pari passu basis in proportion to amounts contributed by each;

(vi) To pay in full the MGP Partnership Management Fee and the AGP Partnership Management Fee on a pari passu basis;

(vii) To pay in full any unpaid and accrued management fee in accordance with Section 8.2 hereof;

(viii) To pay in full any unpaid Development Fee;

(ix) To pay in full any Operating Loans;

(x) To pay any interest due on the CADA Loan and the CalHFA Loan on a pari passu basis;

(xi) To pay the Incentive Management Fee due pursuant to the Incentive Management Agreement;

(xii) To pay the Supervisory Management Fee due pursuant to the Incentive Management Agreement; and

(xiii) The balance to be paid 0.005% to the Administrative General Partner, 0.005% to the Managing General Partner, 0.01% to the State Housing Limited Partner, 0.01% to the Administrative Limited Partner and 99.98% to the Investor Limited Partner. Notwithstanding the foregoing, in no event shall the Investor Limited Partner receive less than 10% of the distributions made pursuant to subsections (vi) through (xiii) of this Section 9.2A.

B. Subject to Section 12.4 hereof, Sale or Refinancing Transaction Proceeds shall be applied in the following order of priority:

(i) To the payment of liabilities of the Partnership then due and owing to Persons other than the Partners or their Affiliates;

(ii) To establish such reserves as the General Partners, with the Consent of the Administrative Limited Partner, determine to be reasonably necessary for any contingent or foreseeable liability or obligation of the Partnership; provided, however, that the

balance of any such reserve remaining at such time as the General Partners, with the Consent of the Administrative Limited Partner, determine that such reserve is no longer necessary shall be distributed in accordance with the following subparagraphs of this Section 9.2B;

(iii) To the Limited Partners (including the State Housing Limited Partner) in an amount equal to any unpaid Housing Credit Shortfall Payment on a pari passu basis in proportion to amounts contributed by each;

(iv) To pay in full any unpaid ILP Asset Management Fees and SHLP Asset Management Fees on a pari passu basis in proportion to amounts contributed by each;

(v) To pay in full any unpaid AGP Partnership Management Fees and MGP Partnership Management Fees on a pari passu basis;

(vi) To pay interest on any loans, including Voluntary Loans, from Partners or their Affiliates provided for herein, pro rata in accordance with the amount of interest accrued as of the date of such distribution;

(vii) To repay principal of any loans, including Voluntary Loans, payable to Partners or their Affiliates, pro rata in accordance with the amount of the principal balances as of the date of such distribution; and

(viii) The balance, if any, 19.99% to the Investor Limited Partner, 0.01% to the Administrative Limited Partner, 0.01% to the State Housing Limited Partner, 0.005% to the Managing General Partner, and 79.985% to the Administrative General Partner; provided, however, the portion of the Sale and Refinancing Transaction Proceeds otherwise distributable to the General Partners hereunder will first be applied to pay any unpaid Deferred Development Fee as of the date of such distribution.

C. Except as otherwise provided in this Section 9.2, each Partner shall share in distributions in accordance with this Section 9.2 from the date on which such Partner is admitted to the Partnership.

D. In accordance with Section 23610.5 of the California Revenue and Taxation Code, notwithstanding anything to the contrary in this Section 9.2, distributions of Cash Flow or Refinancing Transaction Proceeds shall not exceed eight percent (8%) of the lesser of (i) the aggregate Capital Contributions of the Partners or twenty percent (20%) of the adjusted basis of the buildings comprising the Apartment Complex as of the close of the first taxable year of the Credit Period. Any amount allowed to be distributed under this subparagraph D that is not available for distribution during the first five years of the Compliance Period may accumulate and be distributed at any time during the first 15 years of the Compliance Period but not thereafter. The General Partners shall apply any cash available for distribution in excess of the amount eligible to be distributed under this subparagraph D to reduce the rent on rent-restricted apartment units or to increase the number of rent-restricted apartment units subject to the tests of Section 42(g)(1) of the Code.

## ARTICLE 10

### TRANSFER OF PARTNER INTERESTS

#### Section 10.1 Assignment or Pledge of Limited Partner Interests.

A. Alliant Limited Partners. The Investor Limited Partner and the Administrative Limited Partner have the right at any time to make an Assignment of their Interests without the Consent of the General Partners or any other Partners. The General Partners shall cooperate with the Investor Limited Partner and the Administrative Limited Partner in facilitating such Assignment by promptly furnishing complete and accurate financial and other relevant data regarding the Partnership, the Apartment Complex, the General Partners and Affiliates of the General Partners and any other matters reasonably necessary in the judgment of the Administrative Limited Partner to facilitate such Assignment, but only to the extent such information is readily available to the General Partners either (a) at no or at nominal cost, or (b) the Limited Partners shall reimburse the General Partners for the reasonable cost thereof. In connection with the Limited Partners' admission into the Partnership and acquisition of their respective Interests, the General Partners acknowledge that each of the Limited Partners intends to assign its Interest subsequent to the Closing Date. The Investor Limited Partner and the Administrative Limited Partner shall notify the General Partners of any Assignment.

B. Notwithstanding the foregoing provisions of this Article or any other provision of this Agreement:

(i) the Investor Limited Partner and the Administrative Limited Partner may enter into and perform under those certain security agreements ("Warehouse Lender Pledges"), pursuant to which the Investor Limited Partner and the Administrative Limited Partner have pledged and collaterally assigned their respective Interests to Warehouse Lender without the consent of the Partnership, any Partner or any other Person;

(ii) Warehouse Lender shall have the rights of a secured party to retain, sell or transfer the Interests so pledged in accordance with the Warehouse Lender Pledges, including, without limitation, the right to transfer or assign its rights hereunder and under the Warehouse Lender Pledges without the consent of the Partnership, any Partner or any other Person, subject only to Sections 10.1(B)(vi) and 10.2(B);

(iii) in the event of any enforcement of the Warehouse Lender Pledges and the foreclosure upon or other disposition of the Interests pledged thereunder, Warehouse Lender (or its nominee or transferee) shall be immediately, automatically and unconditionally admitted as a Substituted Partner, subject only to Sections 10.1(B)(vi) and 10.2(B);

(iv) the Interests will not be, and will not become, a "security", "investment property" or held in a "securities account" (within the meaning of Articles 8 and 9 of the Uniform Commercial Code of the State (the "UCC")) and will be, and will remain, "general intangibles" within the meaning of Article 9 of the UCC, and any action by the Partnership or any Partner to cause any of the Interests to be deemed to be or to be treated other than as general intangibles within the meanings of Article 9 of the UCC shall be void and of no effect;

(v) the Partnership and the Partners agree (i) to notify Warehouse Lender in writing at 4910 Tiedman Road, 3<sup>rd</sup> Floor, Mail Code OH-01-51-0311, Brooklyn, Ohio 44144, Attn: Real Estate Capital Servicing, Reference: Alliant Capital, Ltd., Loan No. 10201918,

with an electronic copy to Sarah\_L\_Hammer@keybank.com, or at such other address as Warehouse Lender may from time to time designate) of any default by the Investor Limited Partner of any of its obligations hereunder, (ii) to refrain from exercising any rights or remedies as a result of such default (whether hereunder or otherwise at law or in equity) until Warehouse Lender has received such notice and has been given 60 days to cure such default, and (iii) that Warehouse Lender can cure such default by paying only those portions of the Investor Limited Partner Contribution for which the conditions to payment set forth in Section 3.4 have been satisfied;

(vi) no provision hereof, including, without limitation, Section 5.5, Section 5.9 and, if applicable, Article 17, or any provision in the Project Documents, with respect to the rights of HUD, any Credit Agency or any Lender to consent to the transfer, pledge or other assignment of the Investor Limited Partner's or the Administrative Limited Partner's Interests, shall prohibit the Warehouse Lender Pledges or the exercise by Warehouse Lender (or its nominees or transferees) of its rights and remedies thereunder, except that prior to being admitted as a Substituted Partner, Warehouse Lender (or such nominee or transferee) must, as applicable, (a) comply with all HUD requirements regarding transfer of physical assets and submission and approval of a HUD Prior Participation Certificate, and/or (b) obtain the Credit Agency's written consent, if required by the Project Documents; and

(vii) So long as the Warehouse Lender Pledges are outstanding, any amendment to those provisions herein of which Warehouse Lender, as agent, is an intended third party beneficiary, or any amendment to any other provision herein which would materially affect Warehouse Lender's rights and priorities under the Warehouse Lender Pledges, shall require the prior written consent of Warehouse Lender, except that no such consent shall be required with respect to any amendment made in connection with the transfer of the Interests of the Investor Limited Partner to any investment fund.

C. State Housing Limited Partner. Any Assignment of the Interest of the State Housing Limited Partner shall require the consent of the General Partners and the Alliant Partners and. After all of its Capital Contributions have been made, the State Housing Limited Partner shall have the right to make an Assignment to an affiliate of Sugar Creek Realty, LLC, provided that Christopher S. Hite holds a management interest or role in Sugar Creek Realty, LLC (or its members). The State Housing Limited Partner shall not transfer its interest without the Consent of the Administrative Limited Partner and General Partner and only if (i) the Assignee expressly agrees to be bound, to the same extent as the Assignor, by the provisions of this Agreement, the Project Documents and any other documents required in connection therewith and to assume the obligations of the Assignor hereunder, and (ii) the Assignee shall have agreed to pay all reasonably expenses and legal fees relating to the Assignment and its admission as a Substitute State Housing Limited Partner. The Partners acknowledge that the State Housing Limited Partner (or its members) will borrow funds from the State LP Lender to make its Capital Contributions and that the State Housing Credit Lender will require a security interest in the State Housing Limited Partner's Interest in the Partnership and agree that no further consent to the grant of such security interest is required hereunder. In the event that the State Housing Limited Partner defaults under this Agreement or fails to make a Capital Contribution, the General Partner shall provide the State Housing Credit Lender notice and cure rights pursuant to Section 3.12. In the event that the State Housing Credit Lender elects to foreclose on its security interest in and take ownership of the State Housing Limited Partner Interest, the State Housing Credit Lender shall be admitted as a substituted State Housing Limited Partner provided that the State Housing Credit Lender assumes liability for all unpaid Capital Contribution obligations hereunder and otherwise agrees to be bound to the terms of this Agreement to the same extent as the transferring State Housing Limited Partner pursuant to the terms of this Section 10.01.

Section 10.2      Substituted Partners; Admission.

A.      The General Partners may not admit any additional partner to the Partnership without the Consent of the Administrative Limited Partner and the State Housing Limited Partner.

B.      An Assignee of a Limited Partner (including the State Housing Limited Partner) Interest shall be admitted as a Substituted Partner but only if (i) the Assignee expressly agrees to be bound, to the same extent as the Assignor, by the provisions of this Agreement, the Project Documents and any other documents required in connection therewith and to assume the obligations of the Assignor hereunder, and (ii) the Assignee shall have agreed to pay all reasonable expenses and legal fees relating to the Assignment and its admission as a Substituted Partner.

C.      Upon the admission of a Substituted Partner, the Partner Information Schedule shall be amended to reflect the name and address of such Substituted Partner and to eliminate the name and address of the Assignor, and an amendment to this Agreement and/or the Certificate reflecting such admission shall be filed in accordance with the Uniform Act. No Consent of the Investor Limited Partner (other than the Assignor and the Assignee) or consent of the State Housing Limited Partner shall be required.

Section 10.3      Withdrawal.

A.      Any Person who acquires in any manner whatsoever any Interest, irrespective of whether such Person has accepted and adopted in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefit of the acquisition thereof to have agreed to be subject to and bound by all the obligations of this Agreement that any predecessor in interest of such Person was subject to or bound by. A Person acquiring an Interest, including the personal representatives and heirs of a deceased Partner, shall have only such rights, and shall be subject to all the obligations, as are set forth in this Agreement; and, without limiting the generality of the foregoing, such Person shall not have any right to have the value of his Interest ascertained or receive the value of such Interest or, in lieu thereof, profits attributable to any right in the Partnership, except as herein set forth.

B.      Any Assignee pursuant to an Assignment satisfying the conditions of this Article 10 who does not become a Substituted Partner in accordance herewith shall have the right to receive the same share of the Profits and Losses and distributions of the Partnership to which its Assignor would have been entitled, but shall have no voting or consent rights to which the Assignor was entitled under this Agreement or any of the Project Documents. If such Assignee desires to make an Assignment of its Interest, it shall be subject to all the provisions of this Article 10 to the same extent and in the same manner as any Partner desiring to make an Assignment.

C.      Any Partner who shall Assign all of its Interest shall cease to be a Partner and shall no longer have any rights or privileges of a Partner except that, unless and until its Assignee is admitted to the Partnership as a Substituted Partner in accordance with this Article 10, such Assignor shall retain all rights and be subject to all obligations under the Uniform Act and this Agreement. No assignment shall itself operate to relieve the assignor of any such obligation.

D. In the event of an Assignment, the obligation of the Assignor to make Capital Contributions or loans under this Agreement shall be extinguished only by and to the extent of Capital Contributions or loans actually made by it or its Assignee.

E. In the event that an Assignment shall be made, there shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument effecting such Assignment. Such instrument must evidence the written acceptance of the Assignee to all the terms and provisions of this Agreement. If such instrument is not so filed, the Partnership need not recognize any such Assignment for any purpose.

## ARTICLE 11

### WITHDRAWAL OF GENERAL PARTNER; NEW GENERAL PARTNER

#### Section 11.1 Withdrawal.

A. Except for the pledges to the Construction Lender and the Tax-Exempt Lender, no General Partner may Withdraw (other than an Involuntary Withdrawal) from the Partnership or assign, pledge or encumber all or any part of its Interest without the Consent of the Administrative Limited Partner, and, to the extent required, the consent of each Credit Agency and each Lender. The Consent of the Investor Limited Partner shall not be required.

B. In the event of a Voluntary Withdrawal, the Interest of the General Partner shall immediately and automatically terminate on the effective date of such Voluntary Withdrawal and such General Partner shall have no further right to participate in the management or operation of the Partnership or to receive any future allocations of Profits and Losses, any distributions from the Partnership or any other funds or assets of the Partnership, nor shall it be entitled to receive or to be paid by the Partnership any further payments of fees (including fees which have been earned but are unpaid, but excluding, however, any unpaid Development Fee if the Developer is such removed General Partner or an Affiliate thereof, which unpaid Development Fee shall be paid in accordance with Section 3.1 hereof) or to be repaid any outstanding loans made by it to the Partnership. At the election of the Administrative Limited Partner, if the Voluntary Withdrawal is the result of a removal pursuant to Section 11.4 hereof (other than a removal under Section 11.4A(i)(f), 11.4A(ii)(b) or 11.4A(v) hereof), the amount of any unpaid Development Fee as of the effective date of such removal may be used to off-set any amounts (i) incurred by the Partnership, the remaining General Partner(s) and/or the Limited Partners (including the State Housing Limited Partner) in connection with or as a result of the removal of such General Partner or (ii) owing as of the effective date of such removal from such removed General Partner to the Partnership and/or the remaining Partners under this Agreement and/or the Project Documents. From and after the effective date of such Voluntary Withdrawal, the rights of such Withdrawing General Partner to receive or to be paid such allocations, distributions, funds, assets, fees or repayments shall be reallocated to the other General Partners, or if there is no other General Partner at that time, to the Administrative Limited Partner. Notwithstanding such Voluntary Withdrawal and loss of any right to receive such allocations, distributions, funds, assets, fees and repayments, such Withdrawing General Partner shall remain liable to the Partnership and the other Partners for (a) the continuing indemnification obligations under Section 6.7B(viii) hereof, (b) all obligations theretofore incurred by it under this Agreement, (c) all obligations that may arise upon such Voluntary Withdrawal, and (d) all obligations incurred following such Voluntary Withdrawal to the extent such obligations arise as a result of such Withdrawing General Partner's breach of this Agreement or any of the Project Documents. Notwithstanding anything herein to

the contrary, any remaining Partner shall have all rights and remedies against such Withdrawing General Partner as provided by law.

C. Upon the Involuntary Withdrawal of a General Partner, such Withdrawing General Partner shall remain liable for obligations incurred by it under this Agreement through the effective date of its Involuntary Withdrawal, and its Interest shall automatically convert to an Interest of a limited partner, but it shall not be entitled to participate in the management of the Partnership's business or to participate in any allocation of Profits or Losses or distributions payable to the Investor Limited Partner, the Administrative Limited Partner or the State Housing Limited Partner. Subject to the provisions of Section 11.3B hereof, such limited partner or its successors shall be entitled to share in the Profits and Losses and distributions at the same times and in the same manner as such Withdrawing General Partner would have otherwise received as a General Partner reduced by an amount necessary to compensate (1) the remaining General Partners and/or any successor general partner for assuming the obligations of the Withdrawing General Partner, and (2) the Limited Partners (including the State Housing Limited Partner) and/or the Partnership for any losses, costs, liabilities, damages or expenses incurred, directly or indirectly, in whole or in part, as a result of the Involuntary Withdrawal of such General Partner.

D. Each General Partner, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agrees that if such General Partner becomes the subject of Bankruptcy proceedings pursuant to the Bankruptcy Code, then (i) any other Partner shall thereupon be entitled to immediate relief from any automatic stay imposed by Section 362 of the Bankruptcy Code or otherwise, on or against the exercise of the rights and remedies available to such Partner pursuant to this Agreement or otherwise, and (ii) any Partner may apply or move the bankruptcy court in which the Bankruptcy proceedings are pending for a change of venue to the bankruptcy court where the Partnership has its principal place of business and such General Partner agrees not to oppose or object to such application or motion in any way. The foregoing shall in no way preclude, restrict or prevent a General Partner from filing for protection under the Bankruptcy Code.

The Partners acknowledge and agree that this Agreement is a contract under which the Limited Partners (including the State Housing Limited Partner) are excused from accepting performance from a General Partner, its assignees or trustees, in the event that a General Partner makes application for or seeks protection under the Bankruptcy Law, or in the event that an involuntary petition is filed against such General Partner. The Limited Partners (including the State Housing Limited Partner) have entered into this Agreement with the General Partners in reliance upon their unique knowledge, experience and expertise, and that of their respective principals in the planning and implementation of the development of the Apartment Complex and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. Each General Partner expressly agrees that the Partnership shall not be required to accept performance under this Agreement from any Person other than the General Partners, including, without limitation, any trustee of a General Partner appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee. The effect of this paragraph shall be that this Agreement is hereby deemed to be subject to the exceptions to assumption and assignment of contracts set forth in Sections 365(c)(1) and 365(e)(2)(A) of the Bankruptcy Code and that a Limited Partner (including the State Housing Limited Partner), by its refusal to Consent to an assumption or assignment of this Agreement by a General Partner, shall be able to prevent such assumption or assignment.

Section 11.2 Effect of Withdrawal. Upon the occurrence of an event giving rise to Withdrawal of a General Partner (i) any remaining General Partners, if any, or, if there be no

remaining General Partners, such Withdrawing General Partner or its legal representative shall promptly notify the Investor Limited Partner and the State Housing Limited Partner of such Withdrawal (the "Withdrawal Notice"), (ii) the Administrative Limited Partner shall have the right to appoint and cause the admission to the Partnership as a General Partner of itself, its Affiliates or another Person to succeed such Withdrawing General Partner, and (iii) the Partnership shall be dissolved and terminated unless the then remaining General Partners or the Administrative Limited Partner or the Investor Limited Partner, pursuant to the provisions of Section 11.3 hereof, elects to continue the business of the Partnership. If the Investor Limited Partner so elects, Withdrawal of a General Partner shall not be deemed to be effective until the expiration of ninety (90) days from the day on which the Withdrawal Notice has been delivered to the Investor Limited Partner. In the event the Administrative Limited Partner appoints and causes the admission of a substitute General Partner to the Partnership in accordance with clause (ii) above, each Partner hereby Consents to and authorizes such admission and the continuation of the business of the Partnership in connection therewith, and hereby ratifies and confirms each amendment to this Agreement and the Certificate which are necessary or appropriate to give effect to such admission.

### Section 11.3      Continuation of Partnership.

A.      Upon the occurrence of an event giving rise to the Withdrawal of a General Partner, if there is then no other General Partner or, if there is then one or more other General Partners but the remaining General Partners or the Administrative Limited Partner do not elect to continue the business of the Partnership pursuant to Section 11.2 hereof, the Investor Limited Partner may elect within ninety (90) days thereafter to continue the Partnership on substantially identical terms to those of this Agreement, to carry on the business of the Partnership and to designate a successor general partner to serve in place of such Withdrawing General Partner with the approval of each Credit Agency and each Lender, if such approval is required.

B.      If the Investor Limited Partner shall designate a successor general partner and obtain all necessary approvals for an Involuntary Withdrawal, the Investor Limited Partner at its option may require that the Interest of such Withdrawing General Partner be transferred to the successor general partner upon its written assumption of the obligations of such Withdrawing General Partner under this Agreement (except for any obligations of such Withdrawing General Partner under this Agreement specifically excepted by the Administrative Limited Partner). In such event, the successor general partner shall pay to such Withdrawing General Partner or its legal representative as the purchase price for its Interest an amount to be agreed upon between them. If such Withdrawing General Partner and the successor general partner cannot agree upon the consideration for the transfer of such Interest within sixty (60) days after such Withdrawal, consideration therefor shall be the fair market value of such Interest, reduced by (1) an amount reasonably necessary to compensate the remaining General Partners and/or any successor general partner for assuming the obligations of the Withdrawing General Partner, and (2) an amount necessary to compensate the Limited Partners (including the State Housing Limited Partner) and/or the Partnership for any losses, costs, liabilities, damages or expenses incurred, directly or indirectly, in whole or in part, as a result of the Involuntary Withdrawal of such General Partner, all as determined by a committee of three qualified real estate appraisers, one selected by such Withdrawing General Partner, one selected by the Administrative Limited Partner and a third selected by the other two real estate appraisers (or, if the first two real estate appraisers cannot agree upon the third real estate appraiser within thirty (30) days such third appraiser shall be selected by the American Arbitration Association). The purchase of such Withdrawing General Partner's Interest under this Section 11.3B shall take place within ten (10) days after the purchase price is determined (whether by agreement or appraisal), and the closing shall take place at the



office of the Administrative Limited Partner. The purchase price for such Interest shall be payable by a promissory note bearing interest at a rate equal to the Prime Rate and payable solely out of Sale or Refinancing Transaction Proceeds payable with respect to the Interest being purchased, shall be secured by the Interest being purchased and shall otherwise be without recourse to the maker.

C. Unless the business of the Partnership is continued pursuant to Section 11.2 hereof, the Interest of any remaining General Partners other than the Withdrawing General Partner shall be converted into and shall be deemed to be that of a limited partner with the same Interest in the Partnership as such General Partners had as general partners prior to the Withdrawal, reduced by an amount reasonably necessary to compensate the successor general partner for assuming the obligations of such other General Partners. Such Interest shall be purchased by the successor general partner concurrently with the purchase of such Withdrawing General Partner's Interest in accordance with and on the same terms and conditions as set forth in Section 11.3B hereof.

#### Section 11.4 Special Removal Rights.

A. Notwithstanding any other provision of this Agreement to the contrary, the following events shall be considered a "Major Default":

- (i) Any General Partner (or Guarantor, to the extent applicable) shall:
  - (a) Materially violate its fiduciary responsibilities as a General Partner of the Partnership;
  - (b) Violate the Completion guaranty set forth in Section 4.1 hereof;
  - (c) Be in material breach of any provision (other than Section 4.1 or Section 6.1H) of this Agreement (including but not limited to the funding of any Development Deficits, Operating Loans, or required reserves, the taking of any action which is not permitted by the (including the State Housing Limited Partner) terms of this Agreement, the taking of any action that requires Consent of a Limited Partner without first obtaining such Consent as required by the terms of this Agreement, and the failure to timely and promptly discharge the Management Agent if at any time a "Termination Event" (as such term is defined in Section 8.2 hereof) for such discharge exists), the Development Services Agreement or any other document for fifteen (15) days after notice thereof has been given by the Administrative Limited Partner; provided, however, that if the Administrative Limited Partner reasonably agrees that such breach is of the type that cannot reasonably be cured within fifteen (15) days, the Administrative Limited Partner shall not have the right to remove a General Partner under this Section 11.4A(i)(c) with respect to such breach for a ninety (90) day period after such notice is given so long as such General Partner is diligently pursuing a cure of such breach at all times during such ninety (90) day period and accomplishes such cure within such ninety (90) day period;
  - (d) Willfully violate any law, regulation or order applicable to the Partnership which has or is likely to have a material adverse effect on the Partnership or the Apartment Complex; or
  - (e) Engage in a course of conduct constituting fraud, material misrepresentation, willful misconduct, or gross negligence; or

- (f) Become Bankrupt; or
- (g) Engage in a course of conduct constituting negligence which results in an uninsured loss (other than resulting from an earthquake) in an amount equal to more than 25% of the Investor Limited Partner Contribution; or
- (h) Engage in any course of conduct which causes the Investor Limited Partner and/or the State Housing Limited Partner to be liable for Partnership obligations in excess of the Investor Limited Partner Contribution and/or the State Housing Limited Partner Contribution, as the case may be, in violation of Section 6.1H hereof; or
- (i) Engage in any course of conduct which qualifies as an event of removal or withdrawal with respect to any General Partner under the Uniform Act; or
- (j) solely with respect to the Managing General Partner, the Managing General Partner no longer qualifies as a tax exempt organization under Section 501(c)(3) of the Code or as a qualified nonprofit under Section 214(g) of the RT Code (unless such status is restored within sixty (60) days of the loss thereof), or the Managing General Partner fails (x) to Materially Participate or (y) to obtain the Organizational Clearance Certificate or (z) to obtain or maintain the Welfare Tax Exemption for the Apartment Complex at all times during the Compliance Period (unless the failure of the Apartment Complex to qualify for the Welfare Tax Exemption is the direct result of actions intentionally taken by the Limited Partners (including the State Housing Limited Partner)); or
- (ii) The Partnership shall:
  - (a) Be in material breach of any Project Document or any other material agreement or document affecting the Partnership, which breach is not cured within any applicable cure or grace period;
  - (b) At any time after Rental Achievement, incur an Operating Deficit with respect to any period of six (6) consecutive months which Operating Deficits are not funded by Operating Loans prior to the expiration of the Operating Deficit Guaranty Period, or thereafter by Voluntary Loans made or caused to be made by the General Partners; or
  - (c) Be in any situation where the annual amount of the Housing Credits which the Partnership is entitled to claim under Section 42 of the Code is less than ninety-five percent (95%) of the Revised Projected Housing Credits; or
  - (iii) Completion shall not have occurred by the Completion Date set forth in the Schedule (provided, however, that if Completion is delayed due to Force Majeure, such date may be extended for the period of time that such Force Majeure causes a delay in Completion to occur, but in no event so long as to result in any loss of Housing Credits by the Partnership); or
  - (iv) Prior to Rental Achievement, (a) a default occurs under any material agreement or commitment entered into by the Partnership or binding thereon, or any such agreement or commitment shall have expired or shall have been terminated by any of the parties thereto and shall not have been extended, or (b) any Lender shall have commenced foreclosure proceedings against the Apartment Complex; or

- (v) Any Guarantor shall become Bankrupt or die; or
- (vi) Any Guarantor defaults under the Guaranty Agreement.

Upon a Major Default, the Administrative Limited Partner shall have (in addition to any other rights the Limited Partners may have against the General Partners at law or in equity) the right, but not the obligation, in the sole discretion of the Administrative Limited Partner, upon ten (10) days' prior notice to such General Partner (the "Removal Notice"), after consultation with the State Housing Limited Partner, to remove such General Partner (and, if the Administrative Limited Partner so elects, all other General Partners who are Affiliates of such General Partner) and to appoint itself or any of its Affiliates or any other Person to succeed such General Partner(s) as a General Partner in accordance with the provisions of Section 11.2 hereof. Notwithstanding anything to the contrary in Article 5 or any other provision hereof, any such successor General Partner shall have the authority to act on behalf of the Partnership as it deems necessary for the best interest of the Partnership and as permitted under this Agreement as a General Partner of the Partnership without the requirement of a vote of any remaining General Partners. Should the Administrative Limited Partner exercise its removal right, such General Partner shall have no right to cure its Major Default(s) after expiration of the ten (10) day's notice set forth in the Removal Notice (the date of such expiration shall be hereinafter referred to as the "Removal Date"). Upon the Removal Date, such General Partner shall be automatically and conclusively deemed to be removed as a general partner of the Partnership and the termination of such General Partner's (and, as applicable, its Affiliate's) Interest shall be automatically and conclusively effective, notwithstanding any action or inaction of the General Partner, including but not limited to the filing of a Bankruptcy by the General Partner or the Partnership. Upon the Removal Date, all authority of the removed General Partner as a general partner of the Partnership shall terminate; provided, however, that if such removed General Partner thereafter continues to provide services to the Partnership for any period of time necessary to allow the appointment of a successor General Partner, or otherwise, any such services shall be without compensation, shall be on a "holdover day-to-day" basis, and shall be terminable immediately upon notice given at the sole discretion of the Administrative Limited Partner. Notwithstanding the foregoing, the removed General Partner shall have the right to file suit to enforce its legal rights (if any) in a court of competent jurisdiction, including without limitation the right to seek a determination of whether a Major Default occurred.

B. The Administrative General Partner agrees to indemnify, defend, protect and hold the Partnership, the Investor Limited Partner, the Administrative Limited Partner and the State Housing Limited Partner harmless from and against all losses, costs, damages, liabilities, fines, penalties, actions, causes of action, suits and expenses incurred in connection with a Major Default, the Voluntary Withdrawal or Involuntary Withdrawal of a General Partner, and the exercise of the remedies provided above, including, without limitation, all reasonable legal fees and other reasonable expenses incurred in connection therewith.

C. If a Major Default occurs, and the Administrative Limited Partner does not exercise its right to remove the General Partner(s), the Investor Limited Partner, upon the vote of a Majority in Interest of the limited partners (or members) of the Investor Limited Partner, may cause the Administrative Limited Partner to remove such General Partner(s) upon thirty (30) days' prior written notice to such General Partner(s) and to appoint the Administrative Limited Partner or any of its Affiliates to succeed such General Partner(s) as a General Partner of the Partnership in accordance with the provisions of Section 11.2 hereof.

Section 11.5 Additional General Partner. At any time, the General Partners, with the Consent of the Administrative Limited Partner and the State Housing Limited Partner, and subject

to any applicable approvals of each Credit Agency and each Lender, may admit an additional general partner to the Partnership with such share of the aggregate General Partners' Interest as shall be agreed upon between the General Partners and the additional general partner. Any additional general partner, as a condition of receiving any Interest, shall agree to be bound by the terms of this Agreement, the Project Documents and any other document required in connection therewith to the same extent and on the same terms as the General Partners.

Section 11.6 Amendment of Schedule and Agreement. Upon the admission of a successor or additional general partner or the Withdrawal of a General Partner, the Partner Information Schedule attached hereto shall be amended to reflect such admission or Withdrawal and such amendment shall be filed as required by the Uniform Act. The remaining General Partner(s) shall be obligated to amend the Partner Information Schedule attached hereto to reflect such admission or Withdrawal and such amendment shall be filed as required by the Uniform Act.

Section 11.7 Survival of Liabilities. It is expressly understood that no Withdrawal, Assignment, pledge or encumbrance of a General Partner's Interest, even if it results in the substitution of the Assignee as a Partner, shall release the Withdrawing General Partner from any liability to the Partnership or the Limited Partners (including the State Housing Limited Partner) attributable to the period prior to the Withdrawal, or to the period after the Withdrawal to the extent attributable to the General Partner's breach of this Agreement or any of the Project Documents, all of which shall survive such Withdrawal, Assignment, pledge or encumbrance as and to the extent provided in this Agreement.

## ARTICLE 12

### DISSOLUTION AND TERMINATION OF THE PARTNERSHIP

Section 12.1 Events Which Cause a Dissolution. The Partnership shall continue in full force and effect in perpetuity, except that the Partnership shall be dissolved prior thereto upon the happening of any of the following events:

- A. An election to dissolve the Partnership made in writing by all of the Partners;
- B. The Withdrawal of a General Partner, if the Partnership is not continued in accordance with Sections 11.2 or 11.3 hereof;
- C. Any event which shall make it unlawful for the existence of the Partnership to be continued;
- D. The sale or other disposition of all or substantially all of the assets of the Partnership; or
- E. Upon the vote of the General Partners and a Majority in Interest of the limited partners (or members) of the Investor Limited Partner.

Section 12.2 Actions of Liquidating Agent Upon Dissolution. Upon the dissolution of the Partnership, the Partnership shall be liquidated in accordance with this Article 12 and the Uniform Act. The liquidation shall be conducted and supervised by the General Partners or, if there is no remaining General Partner, by the Administrative Limited Partner (in either case, the "Liquidating Agent"). The Liquidating Agent shall have all of the rights in connection with the

liquidation and termination of the Partnership that a general partner would have with respect to the assets and liabilities of the Partnership during the term of the Partnership, and the Liquidating Agent is hereby expressly authorized and empowered to effectuate the liquidation and termination of the Partnership and the transfer of any assets and liabilities of the Partnership. The Liquidating Agent shall have the right from time to time, by revocable powers of attorney, to delegate to one or more Persons any or all of such rights and powers and the authority and power to execute documents in connection therewith, and to fix the reasonable compensation of each such Person, which compensation shall be charged as an expense of liquidation. The Liquidating Agent is also expressly authorized to distribute the Partnership's property to the Partners subject to liens.

Section 12.3      Statements on Termination. Each Partner shall be furnished with a statement prepared by the Liquidating Agent which shall set forth the assets and liabilities of the Partnership as of the date of complete liquidation, and each Partner's share thereof. Upon compliance with the distribution plan set forth in Section 12.4 hereof, the State Housing Limited Partner, the Investor Limited Partner and the Administrative Limited Partner shall each cease to be a partner of the Partnership, and the Liquidating Agent shall execute, acknowledge and cause to be filed a certificate of termination of the Partnership and any other certificates regarding the dissolution and termination of the Partnership as required by the Uniform Act.

Section 12.4      Priority on Liquidation; Distribution of Non-Liquid Assets.

A. The Liquidating Agent shall, to the extent feasible, liquidate the assets of the Partnership as promptly as practicable. After giving effect to all contributions, distributions, allocations and adjustments required hereunder, for all periods, in the order of priority established pursuant to Section 9.1H hereof, the proceeds of such liquidation shall be applied in accordance with the provisions of Section 9.2B(i) through (vi) hereof, provided, however, that the amount distributed to the Investor Limited Partner and the State Housing Limited Partner in accordance with Section 9.2B(iii) hereof shall in no event exceed the positive Capital Account balance of the Investor Limited Partner or the State Housing Limited Partner, as applicable. Any amounts remaining after application of the preceding sentence shall be distributed by the Liquidating Agent, subject to Section 12.4C hereof, to the Partners with positive balances in their Capital Account, in accordance with the ratio of such positive Capital Account balances. This Section 12.4A is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(b)(2) of the Regulations and shall be interpreted consistently therewith. Any distribution described in the preceding sentence to be made to the General Partners which will cause the General Partners to have a contribution requirement described in the second sentence of Section 12.4B hereof (or will increase such contribution requirement) shall not be made and shall instead be deemed to have first been distributed to the General Partners and then contributed by the General Partners to the Partnership. Thereafter, such amount shall be distributed in the manner described in this Section 12.4A as if it constituted additional assets of the Partnership.

B. In the event the Partnership is "liquidated" within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, if the General Partners' Capital Accounts have a deficit balance in the aggregate (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), the General Partners shall contribute to the capital of the Partnership an amount equal to the lesser of (i) the amount necessary to restore such deficit balance to zero, or (ii) an amount equal to the excess of (a) 0.101% of the Investor Limited Partner Contribution over (b) the Capital Contributions previously made by the General Partners, in compliance with Section 1.704-1(b)(2)(ii)(b)(3) of the Regulations. Any amount required to be contributed by the General Partners pursuant to the

preceding sentence shall be contributed by the General Partners in proportion to their respective deficit Capital Account balances.

C. If the Liquidating Agent, shall determine, in its sole discretion, that it is not feasible to liquidate all or part of the assets of the Partnership or that an immediate sale of all or part of such assets would cause an undue loss to the Partners, the Liquidating Agent may distribute those assets in kind to the Partners or to a liquidation trust or similar vehicle for the purpose of the orderly liquidation of such assets at the earliest possible time for the benefit of, and in the best interests of the Partners. Any distribution of assets in kind shall be distributed on the basis of the fair market value thereof (which shall be determined by independent appraisal) and any Partner entitled to any interest in such assets shall receive such interest therein as a tenant-in-common with all other Partners so entitled. If the Liquidating Agent, in its sole discretion, deems it not feasible to distribute to each Partner an aliquot share of each asset, the Liquidating Agent may allocate and distribute specific assets to one or more Partners as tenants-in-common as the Liquidating Agent shall determine to be fair and equitable, taking into consideration, inter alia, the basis for tax purposes of each asset distributed and the effect of crediting or charging the Capital Accounts for any unrealized appreciation or unrealized depreciation.

Section 12.5 Orderly Liquidation. A reasonable time shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liabilities so as to minimize the losses normally attendant upon a liquidation.

## ARTICLE 13

### ACCOUNTING, REPORTS, BOOKS AND BANK ACCOUNTS

Section 13.1 Bank Accounts. The bank accounts of the Partnership shall be maintained in such banking institutions authorized to do business in the State or such other states as permitted by each Credit Agency and as the General Partners shall determine, and withdrawals shall be made on such signature or signatures as the General Partners shall determine. The General Partners shall notify the Administrative Limited Partner of the location of all bank accounts of the Partnership from time to time. The Partnership's funds shall be held in checking or savings accounts in the name of the Partnership, shall not be commingled with the funds of any other Person and shall not be used except for the business of the Partnership. All deposits (including security deposits and other funds required by any Credit Agency or Lender to be placed in escrow and other funds not needed in the operation of the Partnership's business) shall be deposited, to the extent permitted by each Credit Agency or Lender, in checking or savings accounts, commercial paper (investment grade), certificates of deposit and time deposits in commercial banks with capital in excess of \$50,000,000 and in mutual (money market) funds investing in any or all of the foregoing; provided, however, that any funds required to be placed in escrow by any Credit Agency or Lender shall be controlled by such Credit Agency or Lender and the General Partners shall not be permitted to make any withdrawal from such funds without the written consent of such Credit Agency or Lender, if required.

Section 13.2 Books of Account. Complete and accurate books of account, in which shall be entered, fully and accurately, each and every transaction of the Partnership, shall be kept or caused to be kept by the General Partners. The books shall be kept on an accrual basis of accounting and in accordance with generally accepted accounting principles, consistently applied. All of the Partnership's books of account, together with an executed copy of this Agreement, the Project Documents and copies of such other instruments as the General Partners may execute hereunder, including amendments thereto, shall at all times be kept at the principal office of the

Partnership and shall be available during normal business hours for inspection and copying by any Partner or its duly authorized representative or, at the expense of any Partner, for audit by such Partner or its duly authorized representative. The General Partners shall retain such books of accounts for 6 years after the termination of the Partnership.

### Section 13.3      Reports.

A.      The General Partners shall, within five (5) days after acquiring knowledge that any of the following specified events occurs, notify the Investor Limited Partner and the State Housing Limited Partner of any correspondence from or communications with the Credit Agency or the IRS relating to or referencing the Housing Credits or the Apartment Complex, including, without limitation, receipt of IRS Form 8611 (Recapture of Low Income Housing Credit), any change made or proposed to the allocation of Housing Credits, any notice of an audit by the Credit Agency or any other governmental agency, including the IRS, any material cost overruns in the construction of the Apartment Complex, any material damage to or change in the construction of the Apartment Complex, any notice of default under the Mortgage, breach of any Governmental Agreement or Project Document, any non-payment of taxes, the filing of any lien against the Apartment Complex, or violation or non-compliance by the Partnership or any General Partner with any federal, state, or local law, ordinance, statute or regulation, commencement or termination of any lawsuit against the Partnership or any of its property, cancellation or non-renewal of any insurance, cancellation or non-renewal of any subsidy agreement, any material change to the Project Documents, any extraordinary item charges or credits or any other material charges or credits to income of an unusual nature or any material provisions for loss, any other circumstance which, either in amount or time or otherwise materially affects the business of the Partnership or the interest of the Partners or the Housing Credits, or any occurrence that would cause any representation or warranty of the General Partners herein to become inaccurate in any material respect. Notwithstanding the foregoing, with respect to the occurrence of a natural disaster and/or incident of widespread property damage, the General Partners shall provide a report to the Limited Partners, within five (5) days of any such occurrence and/or incidence having a materially adverse impact on the Apartment Complex, which report shall contain the following information, to the extent available: (i) the extent of damage to the Apartment Complex, (ii) any expected delays in construction or rehabilitation of the Apartment Complex, (iii) the effect that the damage sustained, if any, may have on marketing and lease-up activities of the Apartment Complex, and (iv) the amount anticipated to be recoverable under available insurance policies.

B.      Within thirty (30) days after the end of each calendar month, the General Partners shall have prepared and delivered to each Partner a detailed income and expense statement and occupancy report/updated rent roll for such month.

C.      Within forty-five (45) days after the end of each of the first three quarters of each Fiscal Year, the General Partners shall have prepared and shall deliver to the other Partners, commencing with the first quarterly period ending after the Closing Date, a balance sheet and statements of income (or loss) and Cash Flow for, or as of the end of, such quarter in such form and substance as the Administrative Limited Partner shall reasonably request, none of which need be audited unless required by law, together with (i) the written certification by the General Partners that the Apartment Complex and all tenants in the Tax Credit Apartment Units are in compliance with all Housing Credit requirements and regulations applicable to the Apartment Complex (or, if not in total compliance, describing any noncompliance), in the form attached hereto as Exhibit P, and (ii) a report of other pertinent information regarding the Partnership and its activities during such quarter, including, but not limited to, a statement of the amount of all fees and other compensation paid by the Partnership during such quarter to the General Partners or

any of their Affiliates. All such balance sheets, reports and statements provided pursuant to this Section 13.3C, other than the statement of Cash Flow shall be prepared in accordance with generally accepted accounting principles, consistently applied, or tax basis, as requested by the Administrative Limited Partner, and shall accurately reflect the information contained on the Partnership's books and records.

D. Within sixty (60) days after the end of each Fiscal Year, the General Partners shall send to the other Partners preliminary drafts (the "Draft Financial Statements") of (i) the balance sheet of the Partnership as of the end of such Fiscal Year and statements of income (loss), Partners' equity and changes in financial position for such Fiscal Year, all of which shall be prepared in accordance with generally accepted accounting principles, consistently applied, or tax basis, as requested by the Administrative Limited Partner and accompanied by an auditor's report containing an opinion of the Accountants on which the Investor Limited Partner shall comment, with final financial statements to follow within thirty (30) days following the General Partners' receipt of such comments from the Investor Limited Partner; and (ii) a statement of Cash Flow for such Fiscal Year (which need not be audited), showing distributions in respect of such Fiscal Year, which statement shall identify distributions from (a) Cash Flow generated during the Fiscal Year, and Cash Flow generated during prior Fiscal Years, (b) proceeds from the disposition of property and investments, and (c) reserves and other sources. The Investor Limited Partner shall employ commercially reasonable efforts to provide the General Partners with its comments to the Draft Financial Statements. The General Partners shall employ commercially reasonable efforts to cause any comment that the Investor Limited Partner might provide to the General Partners on the Draft Financial Statements, which comments shall comport with generally accepted accounting practices, requirements and procedures, to be reflected in the final audited financial statements of the Partnership. Within ninety (90) days after the end of each Fiscal Year, the General Partners shall send to the other Partners final financial statements, which shall be accompanied by an annual report of the Accountants containing an unqualified audit opinion of the Accountants.

E. Within 60 days after the end of each calendar year the General Partners shall provide the Limited Partners with: (i) a written certification by the General Partners that all Mortgage Loan payments and taxes and insurance payments with respect to the Apartment Complex are current or, if there is any default, a description thereof; and (ii) a descriptive statement of all transactions during the calendar year between the Partnership and the General Partners or any Affiliate of the General Partners, including the nature of the transaction and the payments involved.

F. Prior to Completion of the Apartment Complex, the General Partners shall provide the Investor Limited Partner with (i) monthly construction progress reports; (ii) general contractor's draw request forms, reporting on the status of the contracts, including; the current amount of the contracts, amounts of work completed and billed, amounts retained, paid, and balance due along with appropriate comments or explanation; (iii) the "pending change order log" (if any) for the Apartment Complex, with comment on any material changes, prepared and approved by the Contractor; (iv) photographs depicting the status of construction; (v) a copy of each inspection report, evaluation or similar report issued to the Partnership by the Credit Agency or any Lender promptly upon receipt thereof; and (vi) a copy of each Housing Credit compliance report delivered to or prepared by the Credit Agency with respect to the Apartment Complex.

G. The General Partners shall deliver to the Investor Limited Partner a detailed report of any of the following events with fifteen (15) days after the end of any calendar quarter during which such event occurred: (i) any reserve has been reduced or terminated by application



of funds therein for purposes materially different from those for which such reserve was established; (ii) the General Partners have received any notice of a material fact which may substantially affect further distributions from any reserve account of the Partnership; or (iii) any Partner has pledged or collateralized any or all of its Interest in the Partnership.

H. Within forty-five (45) days after the end of each calendar quarter, the General Partners shall provide a certification to the Investor Limited Partner confirming that neither the Partnership, the General Partners nor the Apartment Complex has received any notice or has been cited by or otherwise warned in writing of any "Violation" (as hereinafter defined) by any governmental entity, which Violation could have a materially adverse impact on the Partnership, any General Partner or the Apartment Complex. For purposes of this certification, a "Violation" shall mean any act or omission complained of which, if uncured, would be in violation of (i) any applicable statute, code, ordinance, rule or regulation; (ii) any agreement or instrument to which the governmental entity and the Partnership or any General Partner is a party or to which the Apartment Complex is subject; (iii) any license or permit; or (iv) any judgment, decree or order of a court.

I. If the General Partners shall fail, for any reason, to deliver to the other Partners when due any of the audited annual financial statements described in Section 13.3D hereof and/or any of the tax returns, including, without limitation, a copy of Schedule K 1 and IRS Form(s) 8609, referred to in Section 13.5 hereof, and such failure is not due to a matter outside the reasonable control of the General Partners, any Affiliate or the Management Agent and/or Accountants selected by the General Partners, (i) the Administrative Limited Partner shall have the right, but not the obligation, to cause such reports, information or statements to be prepared at the expense of the Partnership by such accountants or other professionals as the Administrative Limited Partner shall designate, and (ii) after notice from the Investor Limited Partner of the failure of such delivery, the General Partners shall pay the Investor Limited Partner, as liquidated damages for such failure, an amount equal to \$100.00 for each day that elapses after the respective due date until such tax information or audited financial statement has been delivered to the other Partners. Failure to provide the reports under the remaining sections or subsections of this Article 13 will result in an assessment of \$50 per day administrative fee due and payable by the General Partners to the Investor Limited Partner until the reports are received. If the General Partners fail to provide in a timely manner any information, reports or data required to be provided by the General Partners under this Article 13, or otherwise fails to perform their obligations under this Article 13, then, in addition to any remedies the Investor Limited Partner may have under this Agreement or applicable law, the Partnership shall not make any distributions or payments to the General Partners under Section 9.2A or Section 9.2B hereof until such time as such information, reports or data have been provided or such other obligations have been fulfilled. Regardless of whether the penalties are paid or waived, the Administrative Limited Partner has the right, but not the obligation, to direct the General Partners to remove the Accountants and the right to approve their replacement if any of the above applicable reporting requirements are not met.

J. The Managing General Partner shall (x) on an annual basis, within five business days of submission thereof, provide the Administrative General Partner and the Limited Partners (including the State Housing Limited Partner) a copy of the Annual Claim Form (as defined in this Agreement), (y) on an annual basis, within five business days of written request therefor, provide the Administrative General Partner and the Limited Partners a copy of the Organizational Clearance Certificate (as defined in this Agreement), and (z) provide the Administrative General Partner and the Limited Partners (including the State Housing Limited

Partner) immediate notice if the Managing General Partner no longer meets the definition of “managing general partner” under the BOE Regulations.

K. The General Partners shall simultaneously deliver to the State Housing Limited Partner any reports or other documentation that it delivers to the Administrative Limited Partner or Investor Limited Partner under Section 13.3.

Section 13.4 Other Reports. The General Partners shall from time to time submit to the Partners such other written reports and information regarding the operations of the Partnership as may be required by the Investor Limited Partner and/or the Administrative Limited Partner to satisfy their respective reporting requirement to partners or governmental authorities. Without limiting the generality of the foregoing, each General Partner shall deliver to the Investor Limited Partner each year, within sixty (60) days of the end of such General Partner’s fiscal year, audited financial statements of such General Partner, together with a statement of such General Partner certifying that, from the date of such financial statements, no material adverse change has occurred with respect to the General Partner described therein. The General Partners shall cause the Guarantors to deliver all reports and financial statements to the Investor Limited Partner as and when required under the Guaranty Agreement. In addition, the General Partners shall provide the Administrative Limited Partner and the Investor Limited Partner with copies of all information, reports, and filings pertaining to the Housing Credits and/or the “qualified basis” (as defined in Section 42 of the Code) of the Apartment Complex. The Investor Limited Partner shall be entitled to receive a list of all limited partners of the Partnership. The General Partners shall promptly notify the Limited Partners of any reportable transaction under Section 1.6011-4 of the Regulations to be reported with respect to the Partnership under Sections 6111 or 6707A of the Code. The General Partners shall simultaneously deliver to the State Housing Limited Partner any reports or other documentation that it delivers to the Administrative Limited Partner or the Investor Limited Partner under Section 13.4.

In addition, in accordance with the BOE Regulations, the Managing General Partner shall maintain records and documents evidencing the duties performed by the Managing General Partner. Such records and documents may include, but are not necessarily limited to (i) accounting books and records; (ii) tax returns; (iii) budgets and financial reports; (iv) reports required by the Partnership’s lender or lenders; (v) documents related to the construction of the Apartment Complex; (vi) legal documents such as contracts, deeds, notes, leases and deeds of trust; (vii) documents related to compliance with government regulations and filings; (viii) documents related to property inspections; (ix) documents related to charitable services or benefits provided or the information provided regarding such services or benefits; (x) reports prepared for all Partners; (xi) bank account records; (xii) audited annual financial statements for the Partnership; and (xiii) the Management Agreement relating to the Apartment Complex.

Section 13.5 Tax Returns and Tax Treatment.

A. The General Partners shall, for each Fiscal Year, file on behalf of the Partnership a United States Partnership Return of Income within the time prescribed by law for such filing. The General Partners shall also file on behalf of the Partnership such other tax returns and other documents from time to time as may be required by the federal government or by any state or any subdivision thereof. All tax returns shall be prepared by the Accountants. Notwithstanding anything to the contrary herein, the Partnership, the General Partners, the Limited Partners (including the State Housing Limited Partner), and each employee, representative or other agent of the foregoing, may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure (as defined in Section 1.6011-4(c) of the

Regulations) of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

B. Within 45 days of the end of each Fiscal Year, the General Partners shall send to the other Partners such tax information, including, without limitation, a copy of Schedule K-1 and IRS Form(s) 8609, as shall be reasonably necessary for inclusion by the Investor Limited Partner, the Administrative Limited Partner and the State Housing Limited Partner in their federal income tax returns and required state income tax and other tax returns. The General Partners hereby acknowledge that the Investor Limited Partner considers it of paramount importance that it file its information returns with the IRS in sufficient time to enable all of its partners to file their tax returns by April 15 following each Fiscal Year. Accordingly, the General Partners shall be liable to the Investor Limited Partner, as liquidated damages, in the sum of \$100.00 for each day that such information is provided after the 45th day after the end of each Fiscal Year. The General Partners shall employ commercially reasonable efforts to cause any comments that the Investor Limited Partner or State Housing Limited Partner might have on the Schedule K-1 and IRS Form 1065 to be reflected on the Partnership's final Schedule K-1 and IRS Form 1065 and any state equivalent; provided, however, that the State Housing Limited Partner's comments shall be limited only to those materials necessary for it to file its California state tax return. The Administrative Limited Partner and State Housing Limited Partner (but only as it relates to its California state tax return) shall have the right to review and approve such information prior to the filing of the related tax returns with the appropriate taxing authority. The Administrative Limited Partner shall have the right to cause the Partnership to make any tax election (including, without limitation, an election under Section 754 of the Code) which it determines to be in the best interests of the Investor Limited Partner. After receipt of the Consent of the Administrative Limited Partner to the tax returns, the General Partners shall promptly file final tax returns and simultaneously provide the Administrative Limited Partner with copies of same.

C. Within 60 days of Completion, the General Partners shall cause to be prepared and received by the Investor Limited Partner and the State Housing Limited Partner a Housing Credit eligible basis worksheet for each building in the Apartment Complex, in a form specified by the Investor Limited Partner.

D. Commencing with the first year of the Credit Period and terminating in the first year following the expiration of the Compliance Period, prior to October 15 of each such year, the General Partners shall send to the Investor Limited Partner and the State Housing Limited Partner an estimate of the Limited Partners' (including the State Housing Limited Partner) share of Housing Credits by each building of the Apartment Complex for such year, estimate of total Housing Credits for such year, and estimates of Profits and Losses for federal income tax purposes for such year in a form specified by the Investor Limited Partner. Such estimate shall be prepared by the General Partners and the Accountants.

## ARTICLE 14

### CERTAIN FEES AND PAYMENTS

Section 14.1 Development Fee. As consideration for the services of the Developer to the Partnership in connection with the development of the Apartment Complex, the Partnership shall pay to the Developer a fee in the aggregate amount set forth in the Schedule, which shall be payable as described in the Schedule. The fee shall be considered earned and payable when

any benchmarks or conditions to payment of the fee are met by the Developer but shall be paid at the time and manner set forth herein.

Section 14.2      Incentive Management Fee and Supervisory Management Fee. The Partnership has entered into the Incentive Management Agreement in the form attached hereto as Exhibit H, with the Administrative General Partner or an Affiliate thereof of even date herewith for services in managing the business of the Partnership for the period from the date hereof throughout the term of the Compliance Period. Payment of the Incentive Management Fee and Supervisory Management Fee pursuant to the Incentive Management Agreement shall be in accordance with any applicable requirements of the Lender. Notwithstanding anything to the contrary set forth herein or in the Incentive Management Agreement, in no event will the sum of the fees payable pursuant to the Incentive Management Agreement plus any fees payable to a General Partners or any Affiliate thereof under the Management Agreement exceed ten percent (10%) of Effective Gross Income per year determined on a cumulative noncompounded basis.

Section 14.3      Asset Management Fees.

A. Commencing in the year in which Completion occurs and for each year thereafter, the Partnership shall pay to the Investor Limited Partner an ILP Asset Management Fee of \$7,500 per annum, one-half payable on April 1st and the balance on October 1st (provided, however, that the ILP Asset Management Fee shall be payable only to the extent sufficient Cash Flow is available pursuant to Section 9.2A hereof, and any portion of the ILP Asset Management Fee which cannot be paid shall accrue without interest until there is sufficient Cash Flow or Sale or Refinancing Transaction Proceeds to pay the outstanding accrued amount), for its services in reviewing the informational reports, financial statements and tax returns furnished to it pursuant to Article 13 hereof. The ILP Asset Management Fee shall not include any costs (including without limitation reasonable attorneys' fees) incurred by the Limited Partners in connection with any request by the General Partners and/or the Partnership for the Consent of a Limited Partner which is required under any Article of this Agreement other than Article 13 hereof. It being expressly understood and agreed that such costs of the Limited Partners in connection with any such request shall be a Partnership expense, unless otherwise agreed by the Limited Partners and the General Partners.

B. Commencing in the year in which Completion occurs and for each year thereafter, the Partnership shall pay to the State Housing Limited Partner an SHLP Asset Management Fee of \$3,750 per annum, one-half payable on April 1st and the balance on October 1st (provided, however, that the SHLP Asset Management Fee shall be payable only to the extent sufficient Cash Flow is available pursuant to Section 9.2A hereof, and any portion of the SHLP Asset Management Fee which cannot be paid shall accrue without interest until there is sufficient Cash Flow or Sale or Refinancing Transaction Proceeds to pay the outstanding accrued amount), for its services in reviewing the informational reports, financial statements and tax returns furnished to it pursuant to Article 13 hereof. The SHLP Asset Management Fee shall not include any costs (including without limitation reasonable attorneys' fees) incurred by the Limited Partners in connection with any request by the General Partners and/or the Partnership for the Consent of a Limited Partner which is required under any Article of this Agreement other than Article 13 hereof. It being expressly understood and agreed that such costs of the Limited Partners in connection with any such request shall be a Partnership expense, unless otherwise agreed by the Limited Partners and the General Partners.

Section 14.4      Partnership Management Fees.

A. Commencing in the year in which Completion occurs and for each year thereafter, the Partnership shall pay to the Managing General Partner a MGP Partnership Management Fee of \$7,500 per annum (provided, however, that the MGP Partnership Management Fee shall be payable only to the extent sufficient Cash Flow is available pursuant to Section 9.2A hereof, and any portion of the MGP Partnership Management Fee which cannot be paid shall accrue without interest until there is sufficient Cash Flow or Sale or Refinancing Transaction Proceeds to pay the outstanding accrued amount), for its services in managing the Partnership pursuant to this Agreement.

B. Commencing in the year in which Completion occurs and for each year thereafter, the Partnership shall pay to the Managing General Partner a AGP Partnership Management Fee of \$7,500 per annum (provided, however, that the AGP Partnership Management Fee shall be payable only to the extent sufficient Cash Flow is available pursuant to Section 9.2A hereof, and any portion of the AGP Partnership Management Fee which cannot be paid shall accrue without interest until there is sufficient Cash Flow or Sale or Refinancing Transaction Proceeds to pay the outstanding accrued amount), for its services in managing the Partnership pursuant to this Agreement.

## ARTICLE 15

### FOREIGN PARTNERS

#### Section 15.1 Certification of Non-Foreign Status.

A. Each Partner shall upon acquiring an Interest certify that he is not a Foreign Person on forms to be provided by the General Partners at the time of admission. At any time that an Interest is transferred or assigned, the transferee shall certify to non-foreign status prior to the transfer or assignment of such Interest. Such certifications shall be made on a form to be provided by the General Partners.

B. Each Partner shall notify the General Partners if he becomes a Foreign Person within thirty (30) days of such change.

C. Prior to a disposition of a United States Real Property Interest or a distribution attributable to a disposition of a United States Real Property Interest or any other distribution by the Partnership, each Partner may be required to certify to non-foreign status.

#### Section 15.2 Withholding of Certain Amounts Attributable to Interests of Foreign Partners.

A. If either (i) the Partnership's actual or deemed amount realized upon disposition of any United States Real Property Interest is attributed to a Foreign Partner, or (ii) the Partnership makes a distribution to any Foreign Partner:

(i) Any tax required to be withheld under Sections 1445 or 1446 of the Code shall be charged to that Foreign Partner's Capital Account as if the amount of such tax had been distributed to such Partner;

(ii) The General Partners shall have the right to make a loan to the Partnership in an amount equal to the amount of tax required to be withheld pursuant to Sections

1445 or 1446 of the Code to the extent that cash is needed to make the required withholding payment attributable to that Foreign Partner; and

(iii) The General Partners may retain appropriate portions of a Foreign Partner's distributions until any withholding obligations relating to that Foreign Partner are satisfied and may apply such distributions to repay any loan made pursuant to Section 15.2A(ii) hereof.

B. For purposes of this Section 15.2, any Partner who fails to provide a certification of a non-foreign status within five (5) days after a request to do so by the General Partners shall be treated as a Foreign Person.

## ARTICLE 16

### MISCELLANEOUS

Section 16.1 Law Governing; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State applicable to contracts made and to be performed entirely therein, except to the extent that any of such laws may now or hereafter be preempted by Federal law, in which case, such Federal law shall so govern and be controlling. In any action brought under or arising out of this Agreement, each party hereby consents to the jurisdiction of any competent State or Federal court within the County of Sacramento, California, and consents to service of process by any means authorized by the laws of such State.

Section 16.2 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute only one agreement. The production of any executed counterpart of this Agreement shall be sufficient for all purposes without producing any other counterpart thereof.

Section 16.3 Separability of Provisions. Each provision of this Agreement shall be considered separate and if, for any reason, any provision or provisions herein (i) are determined to be invalid under any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) would cause a Limited Partner to be liable for the obligations of the Partnership (other than under the rules, and regulations of any Credit Agency) under the laws of the State as the same may now or hereafter exist, such provision or provisions shall be deemed void and of no effect.

Section 16.4 Address and Notice. All notices, demands, requests, solicitations of Consent, or other communications to be sent by one party to the other hereunder or required or permitted hereunder or by law shall be in writing and shall be deemed to have been validly given or served by delivery of same based upon one of the permissible modes of delivery as follows: (i) when personally delivered, (ii) if telecopied, upon receipt of successful delivery confirmation thereof, (iii) one business day after the date when deposited with a nationally recognized overnight courier service, delivery charges prepaid, or (iv) five (5) days after the date when deposited in the United States mail and sent postage prepaid by registered or certified mail, return receipt requested, addressed as follows:

A. If to the Partnership and/or the Administrative General Partner, to the intended recipient at:

1717 S Street Investors, LLC  
c/o CFY Development, Inc.  
1724 10<sup>th</sup> Street, Suite 120  
Sacramento, California 95811

with a copy to:

Law Office of Patrick R. Sabelhaus  
1724 10<sup>th</sup> Street, Suite 110  
Sacramento, California 95811  
Attention: Patrick Sabelhaus, Esq.

B. If to the Investor Limited Partner:

c/o Alliant Capital, Ltd.  
340 Royal Poinciana Way, Suite 305  
Palm Beach, Florida 33480  
Attention: Brian Goldberg  
Telephone: (561) 833-5795  
Telecopy: (561) 833-3694

with a copy to:

c/o Alliant Asset Management Company LLC  
21600 Oxnard Street, Suite 1200  
Woodland Hills, California 91367  
Attention: General Counsel  
Telephone: (818) 668-6800  
Telecopy: (818) 668-2828

with a copy to:

Holland & Knight LLP  
10 St. James Avenue, 12<sup>th</sup> Floor  
Boston, Massachusetts 02116  
Attention: Sean B. Leonard, Esq.  
Telephone: (617) 305-2031  
Telecopy: (617) 523-6850

C. If to the Administrative Limited Partner:

c/o Alliant Asset Management Company LLC  
21600 Oxnard Street, Suite 1200  
Woodland Hills, California 91367  
Attention: General Counsel  
Telephone: (818) 668-6800  
Telecopy: (818) 668-2828

with a copy to:

Holland & Knight LLP  
10 St. James Avenue, 12<sup>th</sup> Floor  
Boston, Massachusetts 02116  
Attention: Sean B. Leonard, Esq.  
Telephone: (617) 305-2031  
Telecopy: (617) 523-6850

D. If to the State Housing Limited Partner:

Affordable Housing Fund II LLC  
c/o Sugar Creek Capital  
17 W. Lockwood Avenue  
St. Louis, Missouri 63119  
Attn: Legal Dept.

with a copy to:

Carolyn Rowland, Esq.  
Rowland Law LLC  
P.O. Box 42078  
Fredericksburg, Virginia 22404  
Telephone: (703) 989-0080  
Telecopy: (703) 563-9323

Enterprise Bank & Trust  
150 N. Meramec  
St. Louis, MO 63015  
Attention: Abigail Kepple

E. If to the Managing General Partner:

Capitol Area Community Development Corporation  
[ADDRESS]  
[ADDRESS]

Any of the service options described in this Section 16.4 shall be sufficient to give notice hereunder. Rejection or other refusal to accept or the inability to deliver because of changed address or telecopy number of which no notice was given shall be deemed to be receipt of the notice, demand or request sent. By giving to the other party hereto at least thirty (30) days' written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses, telephone and telecopy numbers and each shall have the right to specify as its address, telephone and telecopy numbers any other address, telephone and telecopy numbers within the United States of America.

Section 16.5 Time, Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. Time is of the essence hereunder.



Section 16.6 Titles and Captions. All article and section titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the text of this Agreement.

Section 16.7 Entire Agreement. This Agreement, together with the Exhibits and Schedules hereto and the Development Services Agreement, contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this Agreement. In addition, to the extent any provision of the Development Services Agreement conflicts with the terms of this Agreement, the terms of this Agreement shall control.

Section 16.8 Agreement Binding. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives and permitted successors and assigns of the parties hereto.

Section 16.9 Parties in Interest. Nothing herein shall be construed to be for the benefit of or enforceable by any third party including, but not limited to, any creditor of the Partnership.

Section 16.10 Amendments; Other Actions.

A. This Agreement may not be amended except by the General Partners with the Consent of all Partners, and, in each case, the approval, if required, of each Credit Agency. In particular but not limiting the foregoing, all Partners must give their Consent in writing to any amendment which would (i) extend the term of the Partnership as set forth in Section 12.1 hereof, (ii) amend this Section 16.10, (iii) increase or extend the liability or obligation of the State Housing Limited Partner, the Investor Limited Partner or the Administrative Limited Partner, (iv) increase the amount of Capital Contributions payable by the State Housing Limited Partner, the Investor Limited Partner or the Administrative Limited Partner, (v) accelerate the date of payment of any portion of the Investor Limited Partner Contribution or the State Housing Limited Partner Contribution, (vi) alter the distribution or allocation to the Partners of any profits and losses and distributions of the Partnership or (vii) alter the rights, powers and duties of a General Partner without such General Partner's Consent.

B. Notwithstanding any other provision of this Agreement, no action may be taken under this Agreement unless such action is taken in compliance with the provisions of the Uniform Act.

Section 16.11 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements shall survive until the dissolution and termination of the Partnership, except to the extent that a representation, warranty or agreement expressly provides otherwise.

Section 16.12 Further Assurances. The Partners shall execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purposes of this Agreement.

Section 16.13 Remedies Cumulative. No remedy conferred upon or reserved to the Partnership or any Partner by this Agreement is intended to be exclusive of any other remedy. Each and every such remedy shall be cumulative and shall be in addition to any other remedy

given to the Partnership or any Partner hereunder or now or hereafter existing at law or in equity or by statute.

Section 16.14 Attorneys' Fees. In the event that any court or arbitration proceeding is brought under or in connection with this Agreement, the prevailing party in such proceeding (whether at trial or on appeal) shall be entitled to recover from the other party all costs, expenses, and reasonable attorneys' fees incident to any such proceeding. The term "prevailing party" as used herein shall mean the party in whose favor the final judgment or award is entered in any such judicial or arbitration proceeding.

Section 16.15 Meetings. Meetings of the Partnership may be called by the General Partners, the State Housing Limited Partner, the Administrative Limited Partner or the Investor Limited Partner for any matters for which the Partners may vote as set forth in this Agreement or to obtain information concerning the Partnership. A list of names and addresses of all Partners shall be maintained as part of the books and records of the Partnership and shall be made available upon request to any Partner or its representative at no cost. Upon receipt of a request from any Person entitled to call a meeting stating the purposes of the meeting, the General Partners, the State Housing Limited Partner or the Administrative Limited Partner shall provide the Partners, within ten (10) days after receipt of such request, notice of a meeting and the purpose of such meeting to be held on a date not less than fifteen (15) nor more than sixty (60) days after receipt of such request, at a time and place within or without the State convenient to the Partners. Included within the notice shall be a detailed statement of the action proposed, including a verbatim statement of the wording of any resolution proposed for adoption by the Investor Limited Partner and any proposed amendment to this Agreement. Said notice shall provide for proxies or Consents which specify a choice between approval and disapproval of each matter to be acted upon at a meeting. A Majority in Interest of Limited Partners (including the State Housing Limited Partner) entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting.

Section 16.16 Signage. At the request of the Investor Limited Partner or the State Housing Limited Partner, the General Partners shall cause the name and logo of the Investor Limited Partner (including the State Housing Limited Partner) (or its designee) (the form of which logo the Investor Limited Partner or the State Housing Limited Partner shall provide to the General Partners) to be prominently displayed on all construction site signage for the Apartment Complex. All construction site signage shall be subject to the Consent of the Administrative Limited Partner and the State Housing Limited Partner.

Section 16.17 Waivers. No provision of this Agreement or right of the Limited Partners (including the State Housing Limited Partner) hereunder shall be waived nor shall any General Partner be released from such General Partner's obligations hereunder except by a writing duly executed by the Limited Partners (including the State Housing Limited Partner) or otherwise as expressly provided for herein. The waiver of any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

Section 16.18 Enforceability. It is agreed that the rights granted to the State Housing Limited Partner, Administrative Limited Partner and the Investor Limited Partner hereunder are of a special and unique kind and character and that, if there is a material breach by the General Partners of any provision of this Agreement, the State Housing Limited Partner, the Administrative Limited Partner and the Investor Limited Partner would not have any adequate remedy at law. It is expressly agreed, therefore, that the rights of the State Housing Limited Partner, the Administrative Limited Partner and the Investor Limited Partner hereunder shall be enforceable

by a decree of specific performance. Such remedy shall be cumulative and not exclusive and shall be in addition to any and all other remedies the State Housing Limited Partner, the Administrative Limited Partner and the Investor Limited Partner may have pursuant to this Agreement, at law, or in equity.

Section 16.19 Failure to Pay; Remedies. If the General Partners fail to pay any amount payable pursuant to this Agreement, including without limitation under Sections 5.8B or 6.7B hereof, owing to the Investor Limited Partner or the State Housing Limited Partner within 10 days after written demand of the Investor Limited Partner, then, in addition to any other rights the Investor Limited Partner or State Housing Limited Partner may have, any sums payable to the General Partners (or any Affiliate thereof) pursuant to the terms of this Agreement (including, without limitation, Cash Flow and any fees payable by the Partnership to the General Partners or their Affiliates) shall instead be paid to the Investor Limited Partner and the State Housing Limited Partner on a pari passu basis until such time as all amounts owing to the Investor Limited Partner and the State Housing Limited Partner are fully repaid. For purposes of this Agreement, any sums paid to the Investor Limited Partner and State Housing Limited Partner pursuant to the immediately preceding sentence shall be deemed to have been paid to the General Partners (or their Affiliates) and subsequently paid by the General Partners (or their Affiliates) to the Investor Limited Partner and the State Housing Limited Partner in satisfaction of the General Partners' obligations hereunder. The rights and remedies granted to the Investor Limited Partner and State Housing Limited Partner by this Section 16.19 shall not be exclusive of, but shall be in addition to, any other rights and remedies granted to the Investor Limited Partner and the State Housing Limited Partner under this Agreement or by applicable law. The General Partners, the State Housing Limited Partner and the Investor Limited Partner hereby agree that the Capital Accounts (except for deemed distributions under Section 3.8C hereof) or loans of the Partners shall not be affected in any way as a result of the making of any credits or payments pursuant to this Section 16.19.

Section 16.20 Standing. Except as otherwise specifically provided for in this Agreement, such as by express language indicating that a particular obligation runs to an individual Partner or Partners, the parties hereby agree that claims resulting from any breach of this Agreement by a Partner shall be held by the Partnership, not by individual Partners, and claims for such breach must be brought either directly by, or derivatively on behalf of, the Partnership, for the benefit of the Partnership.

Section 16.21 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY PROJECT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 16.22 JUDICIAL REFERENCE. EACH PARTY HERETO HEREBY AGREES TO SUBMIT TO JUDICIAL REFERENCE PURSUANT TO SECTION 638, ET SEQ., OF THE CALIFORNIA CODE OF CIVIL PROCEDURE ANY CLAIM, DEMAND, ACTION, OR CAUSE OF

ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY EXHIBIT HERETO, ANY CLOSING DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, STATUTE OR ANY OTHER LEGAL THEORY (HEREINAFTER "DISPUTE")). SUCH JUDICIAL REFERENCE SHALL BE FILED AND PROSECUTED IN THE LOS ANGELES SUPERIOR COURT. PURSUANT TO SUCH JUDICIAL REFERENCE, THE PARTIES AGREE TO THE APPOINTMENT OF A SINGLE REFEREE AND SHALL USE THEIR BEST EFFORTS TO AGREE ON THE SELECTION OF A REFEREE. IF THE PARTIES TO THE DISPUTE ARE UNABLE TO AGREE ON A SINGLE REFEREE, A REFEREE SHALL BE APPOINTED BY THE COURT TO HEAR ANY AND ALL DISPUTES HEREUNDER IN LIEU OF A JURY TRIAL. THE PARTIES AGREE THAT THE APPOINTED REFEREE SHALL HAVE THE POWER TO DECIDE ALL ISSUES REGARDING THE DISPUTE IN THE APPLICABLE ACTION OR PROCEEDING, WHETHER OF FACT OR LAW, AND SHALL REPORT A STATEMENT OF DECISION THEREON. THE PARTIES AGREE THAT THE PROVISIONS CONTAINED HEREIN HAVE BEEN FAIRLY NEGOTIATED ON AN ARM'S-LENGTH BASIS, WITH ALL PARTIES BEING AFFORDED THE OPPORTUNITY TO HAVE THE ADVICE AND COUNSEL OF THEIR INDEPENDENT ATTORNEY. ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE APPLICATION OF JUDICIAL REFERENCE IN THE EVENT OF ANY DISPUTE.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

**ADMINISTRATIVE GENERAL PARTNER:**

1717 S STREET INVESTORS, LLC a  
California limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_,

**MANAGING GENERAL PARTNER:**

CAPITOL AREA COMMUNITY  
DEVELOPMENT CORPORATION, a  
California nonprofit public benefit corporation

By: \_\_\_\_\_  
\_\_\_\_\_,

**DEVELOPER** (solely for the purpose of  
acknowledging the foregoing and not as a  
Partner):

CFY DEVELOPMENT, INC., a California  
corporation

By: \_\_\_\_\_  
\_\_\_\_\_,

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF 1717 S  
STREET INVESTORS, LP

SIGNATURE PAGE

**INVESTOR LIMITED PARTNER:**

ALLIANT CREDIT FACILITY II, LLC, a  
Florida limited liability company

By: Alliant Capital, Ltd., a Florida limited  
partnership, its sole member

By: Alliant, Inc., a Florida corporation,  
its general partner

By: \_\_\_\_\_  
Brian Goldberg, President

**ADMINISTRATIVE LIMITED PARTNER:**

ALLIANT CREDIT FACILITY ALP II, LLC, a  
Florida limited liability company

By: Alliant Capital, Ltd., a Florida limited  
partnership, its sole member

By: Alliant, Inc., a Florida corporation,  
its general partner

By: \_\_\_\_\_  
Brian Goldberg, President

[Notarize only if state requires]

PARTNER INFORMATION SCHEDULE  
TO THE  
AMENDED AND RESTATED AGREEMENT  
OF LIMITED PARTNERSHIP OF  
1717 S STREET INVESTORS, LP

<u>Name and Address</u>	<u>Capital Contribution</u>	<u>Taxpayer Identification No.</u>
<u>General Partners:</u>		
1717 S Street Investors, LLC c/o CFY Development, Inc. 1724 10 <sup>th</sup> Street, Suite 120 Sacramento, California 95811	\$100.00	[#]
Capitol Area Community Development Corporation [ ] [ ]	\$100.00	[#]
<u>State Housing Limited Partner:</u>		
Affordable Housing Fund II LLC c/o Sugar Creek Realty LLC 17 West Lockwood Avenue St. Louis, Missouri 63119	[\$7,530,041.00]	
<u>Administrative Limited Partner:</u>		
Alliant Credit Facility ALP II, LLC 340 Royal Poinciana Way, Suite 305 Palm Beach, Florida 33480	\$100.00	20-2730629
<u>Investor Limited Partner:</u>		
Alliant Credit Facility II, LLC 340 Royal Poinciana Way, Suite 305 Palm Beach, Florida 33480	[\$22,767,486.00] (subject to adjustment as provided in this Agreement)	20-2538005



SCHEDULE TO  
AMENDED AND RESTATED  
AGREEMENT OF LIMITED PARTNERSHIP  
OF  
1717 S STREET INVESTORS, LP

As used in the Agreement, the following references to the following matters set forth in the Schedule shall be to the following:

<b>Term</b>	<b>Reference in Document</b>	<b>Description or Definition</b>
Accountants	Definition	Tidwell Group
Architect	Definition	Kuchman Architects PC
CADA Loan	Definition	Construction to permanent financing provided by the Capitol Area Development Authority (the "CADA Lender") in the principal amount of [\$3,300,000], with an interest rate of [3]% per annum, a term of [40] years with interest-only payments made from Cash Flow.
CalHFA Loan	Definition	Permanent financing provided by the California Housing Finance Agency (the "CalHFA Lender") in the principal amount of [\$7,900,000], with an interest rate of [2.75]% per annum, a term of [40] years with interest-only payments made from Cash Flow.
Credit Determination	Definition	[DESCRIPTION]
Closing Date	§3.9	October [___], 2020
Completion Date	Definition	[April 1], 2023
Construction Agreements	Definition	[DESCRIPTION]
Construction Loan	Definition	Construction financing provided by KeyBank National Association (the "Construction Lender") in the principal amount of [\$16,282,470], with an interest rate of [3.9]% per annum, a term of [24] months with interest-only payments until maturity.
Contractor	Definition	CFY Development Inc.

Credit Year	Definition	2020
Development Fee	Definition	\$[6,400,000.00] to be paid pursuant to the terms of the Development Services Agreement
Development Services Agreement	§3.9B(iv)	[DESCRIPTION]
Federal Housing Credit Percentage	Definition	\$0.89
Improvements	Definition	New Construction
Initial Management Agent	Definition	CFY Development, Inc.
Initial Management Agreement	Definition	[DESCRIPTION]
Lender	Definition	<p>1. The Tax-Exempt Lender: (i) the Issuer, in its capacity as governmental lender under the Project Loan Agreement, (ii) KeyBank National Association in its capacity as funding lender to Issuer under the Funding Loan Agreement, (iii) KeyBank National Association, in its capacity as the seller/servicer for Freddie Mac, and (iv) Freddie Mac in its capacity as funding lender under the Tax-Exempt Loan Documents, from and after the Freddie Mac Purchase Date.</p> <p>2. The CADA Lender as the lender under the CADA Loan.</p> <p>3. The CalHFA Lender as the lender under the CalHFA Loan.</p> <p>4. The Construction Lender as the lender under the Construction Loan.</p>
Mortgage Loans	Definition	Collectively, the CADA Loan, the CalHFA Loan, the Construction Loan, and the Tax-Exempt Loan.
Operating Deficit Guaranty Period	§4.3	The period commencing at Rental Achievement and expiring 60 months thereafter; provided, however, that the Operating Deficit Guaranty Period shall not terminate unless and until the

		balance of the Operating Deficit Reserve Account is an amount not less than the Operating Reserve Amount.
Original Agreement	Definition	Agreement of Limited Partnership of the Partnership dated as of March 9, 2017.
Original Certificate	Definition	Certificate of Limited Partnership filed with the California Secretary of State on January 20, 2017.
Permanent Loans	§3.10	The Tax-Exempt Loan after the Freddie Mac Purchase Date and the CalHFA Loan
Permanent Tax-Exempt Loan Amount	Definition	[\$24,029,516]
Plans and Specifications	Definition	[Date of Plans and Specifications]
Principal Office	§2.2	1724 10 <sup>th</sup> Street, Suite 120, Sacramento, California 95811
Projected Federal Housing Credits	Definition	[\$25,581,557]
Projected State Housing Credits	Definition	[\$9,650,980]
Resident Agent	§2.3	[NAME] [ADDRESS] [ADDRESS]
State Housing Credit Percentage	Definition	\$0.78
Tax-Exempt Loan	Definition	(i) Construction phase: financing provided through the issuance and sale by Issuer of the Tax-Exempt Note in the amount of \$[39,140,517]. Pursuant to the Funding Loan Agreement, KeyBank National Association ("KeyBank") will advance funds to Issuer under the Tax-Exempt Note on a draw-down basis and Issuer will use the proceeds to make the Tax-Exempt Loan, evidenced by the Project Loan Agreement. The Tax-Exempt Note evidences the advance of funds made by KeyBank to the Issuer, the proceeds of which will be used by the Issuer to make the Tax-Exempt Loan to the Partnership. The construction phase of the Tax-Exempt Loan matures on the earlier of 24 months after Closing and

		<p>the Forward Commitment Maturity Date (as defined in the Funding Loan Agreement) and bears variable interest at a rate equal to the one-month LIBOR plus [__]% (subject to a floor of [__]%) with interest-only payments due until maturity.</p> <p>(ii) Permanent phase: Upon satisfaction of certain conditions set forth in the Freddie Mac Commitment and the Construction Phase Financing Agreement, and commencement of principal amortization of the Tax-Exempt Loan, which shall occur no later than [_____] (as the same may be extended pursuant to the terms of the Tax-Exempt Loan Documents), the Tax-Exempt Loan shall be a nonrecourse permanent loan (subject to standard non-recourse carve-outs) in an amount not to exceed \$[24,029,516] and the Tax-Exempt Note will be acquired by KeyBank, in its capacity as seller/servicer, and KeyBank in turn will sell to Freddie Mac. The permanent phase of the Senior Loan will have a term of not less than [17] years (amortizing over a [40]-year schedule) and will bear interest at a fixed rate equal to [3.38]% per annum.</p>
Tax-Exempt Note	Definition	<p>California Housing Finance Agency Limited Obligation Multifamily Housing Revenue Note (1717 S Street Apartments) 2020 Issue II</p>

**EXHIBIT A**  
**LEGAL DESCRIPTION**  
**[TO BE INSERTED]**

## EXHIBIT B

### SUBSEQUENT CLOSING CERTIFICATE

The undersigned are: (i) a duly authorized corporate officer of 1717 S Street Investors, LLC, a California limited liability company (the "Administrative General Partner"), the Administrative General Partner of 1717 S Street Investors, LP, a California limited partnership (the "Partnership"), (ii) a duly authorized corporate officer of CFY Development, Inc., a California corporation, and (iii) Cyrus Youssefi, each a Guarantor under that certain Guaranty Agreement dated as of October [ ], 2020, and each hereby certifies to Alliant Credit Facility II, LLC, a Florida limited liability company, and its successors and assigns ("Investor Limited Partner"), and Alliant Credit Facility II, LLC, a Florida limited liability company, and its successors and assigns (the "Administrative Limited Partner"), in connection with Investor Limited Partner's contribution of a portion of the Investor Limited Partner Contribution (as that and all other capitalized terms used herein are defined in the Amended and Restated Agreement of Limited Partnership, dated as of October [ ], 2020 (the "Partnership Agreement") by and among the Administrative General Partner, the Investor Limited Partner, the Administrative Limited Partner, and certain other parties, as follows:

1. The Partnership is not in default under any of the Project Documents and no event has occurred which, with the giving of notice or the passage of time, or both, could constitute a default by the Partnership under any of the Project Documents.

2. No General Partner is in default under the Partnership Agreement or any of the Project Documents to which it is a party and no event has occurred which, with the giving of notice or the passage of time, or both, could constitute a default by a General Partner under the Partnership Agreement or any of the Project Documents to which it is a party.

3. No Guarantor is in default under the Guaranty Agreement or any of the Project Documents to which it is a party and no event has occurred which, with the giving of notice or the passage of time, or both, could constitute a default by a Guarantor under the Guaranty Agreement or any of the Project Documents to which it is a party.

4. No Investment Termination Event has occurred and no event has occurred which, with the giving of notice or the passage of time, or both, could give rise to an Investment Termination Event.

5. The installments of the Investor Limited Partner Contribution previously contributed to the Partnership by the Investor Limited Partner, and the proceeds of all Mortgage Loans previously funded to the Partnership by a Lender, have been applied by the Partnership in accordance with the Construction Budget for the Apartment Complex approved by the Investor Limited Partner.

6. All of the representations and warranties of the General Partners set forth in the Partnership Agreement are true, correct and complete as of the date hereof and the General Partners have performed all covenants required to be performed by them on or before the date hereof.

7. The undersigned is not aware of the existence of any fact or circumstance which makes untrue or misleading in any material respect any of the statements or information contained in and/or covered by the Subsequent Closing Documents.

8. There have been no changes or modifications of any kind to the Plans and Specifications, except as disclosed to the Administrative Limited Partner in writing.

9. All conditions to the effectiveness of the Credit Determination imposed by the Code, the Credit Agency or otherwise, which are required to be satisfied prior to the funding of the Investor Limited Partner Contribution to which this Certificate relates, have been satisfied, except for the following:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. All conditions precedent to funding of the Investor Limited Partner Contribution to which this Certificate relates have been satisfied in full.

11. The Tax-Exempt Loan is "in balance"; and all construction and development work completed, as of the date of the Subsequent Closing, has been done so in accordance with the Plans and Specifications. **[note: only applies prior to commencement of the Permanent Financing Phase]**

This Certificate is made on the date hereof as a condition to a Subsequent Closing under the Partnership Agreement and the Exhibits and Schedules thereto.

Dated as of \_\_\_\_\_, 20\_\_

**GUARANTOR:**

CFY DEVELOPMENT, INC., a California corporation

By: \_\_\_\_\_  
\_\_\_\_\_,  
\_\_\_\_\_

**ADMINISTRATIVE GENERAL PARTNER:**

1717 S STREET INVESTORS, LLC a California limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

**GUARANTOR:**

CYRUS YOUSSEFI

\_\_\_\_\_  
in his individual capacity as guarantor

## EXHIBIT C

### COMPLETION CERTIFICATE

THIS CERTIFICATE is made as of \_\_\_\_\_, 20\_\_, by the undersigned, an architect duly licensed and registered in the State of California, who has prepared final working plans and detailed specifications for 1717 S Street Investors, LP, a California limited partnership (the "Partnership") dated \_\_\_\_\_, attached hereto as Annex C 1 and referred to in the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of October [\_\_\_], 2020 (the "Partnership Agreement"), among Alliant Credit Facility II, LLC, Ltd., a Florida limited liability company ("Investor Limited Partner"), and certain other parties in connection with the construction of improvements on certain real property (the "Improvements"), located in Sacramento, County of Sacramento, State of California, such Improvements being made to a project known as 1717 S Street Apartments (the "Apartment Complex").

The undersigned hereby certifies that (i) the Improvements have been completed substantially in accordance with the aforesaid plans and specifications, (ii) a permanent Certificate of Occupancy and all other permits required for the continued use and occupancy of the Apartment Complex have been issued with respect thereto by the governmental agencies having jurisdiction thereover, and (iii) the Improvements are in compliance with all requirements and restrictions of all governmental authorities having jurisdiction, including, without limitation, all applicable zoning, building, environmental, fire, and health ordinances, rules and regulations.

This Certificate is made as of the date first written above to induce the Investor Limited Partner to take certain actions under the Partnership Agreement and consummate the transactions contemplated thereby.

#### **ARCHITECT:**

KUCHMAN ARCHITECTS PC

By: \_\_\_\_\_  
\_\_\_\_\_, Principal



**EXHIBIT D**  
**INTENTIONALLY DELETED**

## EXHIBIT E

### GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT is made as of October [\_\_\_], 2020, is by 1717 S STREET INVESTORS, LLC, a California limited liability company, CFY DEVELOPMENT, INC., a California corporation, and CYRUS YOUSSEFI, an individual (hereinafter referred to as the "Guarantors"), whose addresses are set forth below, for the benefit of ALLIANT CREDIT FACILITY II, LLC, a Florida limited liability company, and its successors and assigns (the "Investor Limited Partner") and ALLIANT CREDIT FACILITY II, LLC, a Florida limited liability company, and its successors and assigns (the "Administrative Limited Partner" and together with the Investor Limited Partner, the "Limited Partners"), whose addresses are set forth below.

#### WITNESSETH:

WHEREAS, 1717 S Street Investors, LLC, a California limited liability company, and Capitol Area Community Development Corporation, a California nonprofit public benefit corporation (hereinafter referred to collectively as the "General Partners"), are the general partners of 1717 S STREET INVESTORS, LP, a California limited partnership (the "Partnership");

WHEREAS the Partnership is governed by its Amended and Restated Agreement of Limited Partnership dated as of the date hereof (the "Partnership Agreement") (all capitalized terms used and not defined herein shall have the meanings set forth in the Partnership Agreement);

WHEREAS, CFY Development, Inc., a California corporation, as developer, and the Partnership entered into that certain Development Agreement dated October [\_\_\_], 2020 (the "Development Agreement");

WHEREAS, the Investor Limited Partner and the Administrative Limited Partner have been requested to enter into the Partnership Agreement with the General Partners;

WHEREAS, each Guarantor is an affiliate of the General Partners, and believes it shall substantially benefit, directly or indirectly, from the Limited Partners entering into the Partnership Agreement with the General Partners; and

WHEREAS, as a condition to entering into the Partnership Agreement and being admitted to the Partnership, the Investor Limited Partner and the Administrative Limited Partner have required the Guarantors to guarantee to the Investor Limited Partner and the Administrative Limited Partner certain obligations of the General Partners under the Partnership Agreement, and certain other items as herein set forth;

NOW, THEREFORE, in order to induce the Investor Limited Partner and the Administrative Limited Partner to enter into the Partnership Agreement and the Partnership in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor hereby jointly and severally covenants and agrees as follows:

1. Each Guarantor absolutely, irrevocably and unconditionally fully guarantees, as a primary obligor and not merely as a surety, to the Partnership and the Limited Partners the due,

prompt and complete performance of each and every one of the obligations of the General Partners under the Partnership Agreement, including, without limitation, the following:

(A) the payment and performance by the General Partners of each and every one of the following obligations under the following provisions of the Partnership Agreement:

(i) the obligation to effectuate Completion in accordance with the requirements of Section 4.1;

(ii) the obligation to pay all Development Deficits under Section 4.2;

(iii) the obligation to attain Rental Achievement under Section 4.2;

(iv) the obligation to fund amounts payable to the Investor Limited Partner by reason of any Housing Credit Shortfalls as provided under Section 3.8;

(v) the obligation to fund Operating Deficits and make Operating Loans under Section 4.3 and the obligation to fund any and all reserves required under Article 4;

(vi) the truth and accuracy of the representations, warranties and covenants set forth in Article 6;

(vii) the obligations to make a capital contribution to pay any unpaid portion of the Development Fee under Section 3.1;

(viii) the obligation to comply with all requirements of the Credit Agency under Section 5.9A and the obligation to pay all amounts incurred by the Partnership in connection with any social services which are provided to tenants of the Apartment Complex under Section 5.10;

(ix) the obligation to indemnify against environmental risks under Section 6.7B;

(x) the obligations under Section 7.4 in the event of a repurchase or rescission; and

(xi) the obligation to indemnify against the allocation of income under Article 9;

(B) from the date hereof through the last day of the Compliance Period, the due, prompt and complete payment of any amounts payable to the Investor Limited Partner under Section 3.8 of the Partnership Agreement as a result of issues identified in IRS Technical Advice Memoranda 200043015, 200043016, 200043017, 200044004 and/or 200044005; and

(C) the due, prompt and complete payment of all damages, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the Limited Partners in the enforcement of the Partnership Agreement against the General Partners, including costs, expenses and attorneys' fees under Sections 7.4B, 11.4B and 16.14 of the Partnership Agreement; and

(D) the due, prompt and complete payment of all damages, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the Limited Partners in the enforcement of this Guaranty Agreement against the Guarantors.

(The obligations described in this Paragraph 1 are hereinafter collectively referred to as the "Indebtedness").

2. Each Guarantor hereby grants to each of the Limited Partners, in its uncontrolled discretion, and without notice to any Guarantor, the power and authority to deal in any lawful manner with the Indebtedness and the other obligations guaranteed hereby, and without limiting the generality of the foregoing, further power and authority, from time to time:

(A) to renew, compromise, extend, accelerate or otherwise change the time or place of payment of or to otherwise change the terms of the Indebtedness;

(B) to modify or to waive any of the terms of the Partnership Agreement, the Development Agreement and/or any other obligations guaranteed hereby;

(C) to take and hold security for the payment of the Indebtedness and/or performance of the other obligations guaranteed hereby and to impair, exhaust, exchange, enforce, waive or release any such security;

(D) to direct the order or manner of sale of any such security as the Limited Partners, in their discretion, may determine;

(E) to grant any indulgence, forbearance or waiver with respect to the Indebtedness or any of the other obligations guaranteed hereby;

(F) to release or waive rights against any one or more Guarantors without releasing or waiving any rights against any other Guarantor; and/or

(G) to agree to any valuation by the Limited Partners of any collateral securing payment of any of the Indebtedness in any proceedings under the Bankruptcy Code concerning either Limited Partner or the Guarantors.

The liability of each Guarantor hereunder shall not be affected, impaired or reduced in any way by any action taken by any Limited Partner under the foregoing provisions or any other provision hereof, or by any delay, failure or refusal of any Limited Partner to exercise any right or remedy it may have against the General Partners or any other person, firm or corporation, including other guarantors, if any, liable for all or any part of the Indebtedness or any of the other obligations guaranteed hereby.

3. The Guarantors agree that if any of the Indebtedness is not fully and timely paid or performed according to the tenor thereof, whether by acceleration or otherwise, the Guarantors shall immediately, upon receipt of written demand therefor from either Limited Partner, pay all of the Indebtedness hereby guaranteed in like manner as if the Indebtedness constituted the direct and primary obligation of the Guarantors. The Guarantors shall not have any right of subrogation as a result of any payment hereunder or any other payment made by the Guarantors or a Guarantor on account of the Indebtedness, and each Guarantor hereby waives, releases and relinquishes any claim based on any right of subrogation, any claim for unjust enrichment or any other theory that would entitle a Guarantor to a claim against the General Partners based on any

payment made hereunder or otherwise on account of the Indebtedness. The Guarantors shall not file or institute against the General Partners or promote or participate in the filing or institution of any action under the federal bankruptcy laws, as now or hereafter constituted, or state bankruptcy, insolvency, or similar law, or to appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other similar official for the General Partners or for any substantial part of their property, or ordering the liquidation of their affairs. Any of the Indebtedness for which the payment of money would not be an adequate remedy shall be specifically enforceable against the Guarantors in accordance with its terms.

4. This Guaranty Agreement and the obligations of the Guarantors hereunder shall be continuing and irrevocable until the Indebtedness has been satisfied in full and shall not be subject to any reduction, limitation, impairment, revocation or termination for any reason (other than the indefeasible payment in full in cash or performance of the Indebtedness), including but not limited to any claim of waiver, release, surrender, alteration or compromise of any of the Indebtedness, and shall not be subject to any defense or setoff, counterclaim, recoupment, revocation or termination whatsoever, whether by reason of the invalidity, illegality or unenforceability of the Indebtedness or otherwise. Notwithstanding the foregoing or anything else set forth herein, and in addition thereto, if at any time all or any part of any payment received by a Limited Partner from a Guarantor under or with respect to this Guaranty Agreement is or must be rescinded or returned for any reason whatsoever (including, but not limited to, determination that said payment was a voidable preference or fraudulent transfer under insolvency, bankruptcy or reorganization laws), then Guarantors' obligations hereunder shall, to the extent of the payment rescinded or returned, be deemed to have continued in existence, notwithstanding such previous receipt of payment by the Limited Partner, and Guarantors' obligations hereunder shall continue to be effective or be reinstated as to such payment, all as though such previous payment to the Limited Partner had never been made. The provisions of the foregoing sentence shall survive termination of this Guaranty Agreement, and shall remain a valid and binding obligation of each Guarantor until satisfied.

5. Each Guarantor hereby waives notice of acceptance of this Guaranty Agreement by the Limited Partners and this Guaranty Agreement shall immediately be binding upon each Guarantor. Any Guarantor who executes this Guaranty Agreement shall be fully bound hereby regardless of whether or not any other Guarantor subsequently executes this Guaranty Agreement.

6. Each Guarantor hereby waives and agrees not to assert or take advantage of:

(A) any right to require the General Partners to proceed against any other person or to proceed against or exhaust any security held by the General Partners at any time or to pursue any other remedy in the General Partners' power before proceeding against any one or more Guarantors hereunder;

(B) any right to require any Limited Partner to proceed against the General Partners or any other person or to proceed against or exhaust any security held by a Limited Partner at any time or to pursue any other remedy in Limited Partner's power before proceeding against any one or more Guarantors hereunder;

(C) the defense of the statute of limitations and all suretyship defenses and defenses in the nature thereof in any action hereunder or in any action for the collection of the Indebtedness or the performance of any other obligations guaranteed hereby;

(D) any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or persons or the failure of a Limited Partner to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons;

(E) except as otherwise provided for herein, demand, presentment for payment, notice of non-payment, protest, notice of protest and all other notices of any kind, including, without limitation, notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of a Limited Partner or any endorser or creditor of a Limited Partner or any Guarantor or on the part of any other person whomsoever under this or any other instrument in connection with any obligation or evidence of indebtedness held by a Limited Partner or in connection with the Indebtedness;

(F) any defense based upon an election of remedies by a Limited Partner, the right of Guarantors to proceed against a Limited Partner for reimbursement, or both;

(G) any election by a Limited Partner to exercise any right or remedy it may have against the Partnership or any security held by a Limited Partner, including, without limitation, the right to foreclose upon any such security by judicial or nonjudicial sale, without affecting or impairing in any way the liability of Guarantors hereunder, except to the extent the indebtedness has been paid, and the Guarantors waive any default arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of the Guarantors against the Partnership or any such security whether resulting from such election by a Limited Partner or otherwise. The Guarantors understand that if all or any part of the liability of the Partnership to each Limited Partner for the Indebtedness is secured by real property the Guarantors shall be liable for the full amount of their liability hereunder, notwithstanding foreclosure on such real property by trustee sale or any other reason impairing the Guarantors' right to proceed against the Partnership; and

(H) all duty or obligation on the part of the Limited Partners to perfect, protect, not impair, retain or enforce any security for the payment of the Indebtedness or performance of any of the other obligations guaranteed hereby.

7. All existing and future indebtedness of the General Partners to the Guarantors or to any person Controlled or owned in whole or in part by any of the Guarantors and, the right of the Guarantors to withdraw or to cause or permit any person Controlled or owned in whole or in part by any of the Guarantors to withdraw any capital invested by any Guarantor or such person in the General Partners, is hereby subordinated to the Indebtedness at any time after a default exists and continues under the Indebtedness. Furthermore, without the prior Consent of the Investor Limited Partner, such subordinated indebtedness shall not be paid and such capital shall not be withdrawn in whole or in part nor shall any Guarantor accept or cause or permit any person Controlled or owned in whole or in part by a Guarantor to accept any payment of or on account of any such subordinated indebtedness or as a withdrawal of capital at any time after a default exists under the Indebtedness for as long as such default continues. Any payment received by the Guarantors in violation of this Guaranty Agreement shall be received by the person to whom paid in trust for the Limited Partners, and Guarantors shall cause the same to be paid to the Limited Partners immediately on account of the Indebtedness. No such payment shall reduce or affect in any manner the liability of the Guarantors under this Guaranty Agreement.

8. The amount of each Guarantor's liability and all rights, powers and remedies of the Limited Partners hereunder shall be cumulative and not alternative and such rights, powers and

remedies shall be in addition to all rights, powers and remedies given to the Limited Partners under the Partnership Agreement, any document or agreement relating in any way to the terms and provisions thereof or otherwise by law. With respect to each Guarantor, this Guaranty Agreement is in addition to and exclusive of the guaranty of any other Guarantor executing this Guaranty Agreement or any other person or entity which guarantees the Indebtedness and/or the other obligations guaranteed hereby.

9. The liability of each Guarantor under this Guaranty Agreement shall be an absolute, direct, immediate and unconditional guarantee of payment and not of collectability. The obligations of each Guarantor hereunder are independent of the obligations of the General Partners or any other party which may be initially or otherwise responsible for performance or payment of the obligations hereunder guaranteed and each other Guarantor, and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against any one or more Guarantors, whether or not the General Partners are joined therein or a separate action or actions are brought against the General Partners. The Limited Partners may maintain successive actions for other defaults. The Limited Partner's rights hereunder shall not be exhausted by its exercise of any of its rights or remedies or by any such action or by any number of successive actions until and unless the Indebtedness has been paid in full.

10. Each Limited Partner, in its sole discretion, may at any time enter into agreements with the General Partners or with any other person to amend, modify or change the Partnership Agreement or any document or agreement relating in any way to the terms and provisions thereof, or may at any time waive or release any provision or provisions thereof and, with reference thereto, may make and enter into all such agreements as the Limited Partner may deem proper or desirable, without any notice or further assent from any Guarantor and without in any manner impairing or affecting this Guaranty Agreement or any of the rights of the Limited Partners or each Guarantor's obligations hereunder.

11. The Guarantors hereby agree to pay to the Limited Partners, upon demand, reasonable attorneys' fees and all costs and other expenses which the Limited Partners expend or incur in collecting or compromising the Indebtedness or in enforcing this Guaranty Agreement against each Guarantor whether or not suit is filed, including, without limitation, all costs, attorneys' fees and expenses incurred by the Limited Partners in connection with any insolvency, bankruptcy, reorganization, arrangement or other similar proceedings involving a Guarantor which in any way affect the exercise by the Limited Partners of their rights and remedies hereunder. Any and all such costs, attorneys' fees and expenses not so paid shall bear interest at an annual interest rate equal to the lesser of (i) eighteen percent (18%), or (ii) the highest rate permitted by applicable law, from the date incurred by the Limited Partners until paid by the Guarantors.

12. Should any one or more provisions of this Guaranty Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

13. No provision of this Guaranty Agreement or right of the Limited Partners hereunder can be waived nor can any Guarantor be released from such Guarantor's obligations hereunder except by a writing duly executed by the Limited Partners or otherwise as expressly provided for herein. This Guaranty Agreement may not be modified, amended, revised, revoked, terminated, changed or varied in any way whatsoever except by the express terms of a writing duly executed by both Limited Partners.

14. If only one party hereto constitutes "Guarantors," then the plural context of any reference thereto herein shall be deemed to refer to the single party which constitutes "Guarantors" herein. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

15. If any or all of the Indebtedness is assigned by the Limited Partners, this Guaranty Agreement shall automatically be assigned therewith in whole or in part, as applicable, without the need of any express assignment and when so assigned, each Guarantor shall be bound as set forth herein to the assignee(s) without in any manner affecting such Guarantor's liability hereunder for any part of the Indebtedness retained by such Limited Partner. The Investor Limited Partner and the Administrative Limited Partner have the right at any time to make an Assignment of their Interests under the Partnership Agreement and their interests, rights, and obligations pursuant to this Guaranty Agreement without the Consent of the General Partners, any other Partners, the Developer or the Guarantors. In connection with the Limited Partners' admission into the Partnership and acquisition of their respective Interests, the Guarantors acknowledge that each of the Limited Partners intends to assign its Interest under the Partnership Agreement and its interests, rights, and obligations pursuant to this Guaranty Agreement subsequent to the Closing Date. The Investor Limited Partner and the Administrative Limited Partner shall notify the General Partners of any such Assignment.

16. Each Guarantor (if there is more than one Guarantor) is jointly and severally liable with each other Guarantor.

17. This Guaranty Agreement shall inure to the benefit of and bind the heirs, legal representatives, administrators, executors, successors and assigns of the Limited Partners and Guarantors.

18. This Guaranty Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of law, except to the extent that any of such laws may now or hereafter be preempted by Federal law, in which case, such Federal law shall so govern and be controlling. In any action brought under or arising out of this Guaranty Agreement, each Guarantor hereby consents to the jurisdiction of any competent State or Federal court within the State of California and consents to service of process by any means authorized by the laws of such state. Except as provided in any other written agreement now or at any time hereafter in force between the Limited Partners and any Guarantor, this Guaranty Agreement shall constitute the entire agreement of the Guarantors with the Limited Partners with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon the Limited Partners or any Guarantor unless expressed herein.

19. All notices, demands, requests, solicitations of Consent, or other communications to be sent by one party to the other hereunder or required or permitted hereunder or by law shall be in writing and shall be deemed to have been validly given or served by delivery of same based upon one of the permissible modes of delivery as follows: (i) when personally delivered, (ii) if telecopied, upon receipt of successful delivery confirmation thereof, (iii) one business day after the date when deposited with a nationally recognized overnight courier service, delivery charges prepaid, or (iv) five (5) days after the date when deposited in the United States mail and sent postage prepaid by registered or certified mail, return receipt requested, addressed as follows:



Investor Limited Partner:

c/o Alliant Capital, Ltd.  
340 Royal Poinciana Way, Suite 305  
Palm Beach, Florida 33480  
Attention: Brian Goldberg  
Telephone: (561) 833-5795  
Telecopy: (561) 833-3694

Administrative Limited Partner:

c/o Alliant Asset Management Company, LLC  
21600 Oxnard Street, Suite 1200  
Woodland Hills, California 91367  
Attention: General Counsel  
Telephone: (818) 668-6800  
Telecopy: (818) 668-2828

Guarantor:

Cyrus Youssefi  
1724 10<sup>th</sup> Street, Suite 120  
Sacramento, California 95811

Guarantor:

1717 S Street Investors, LLC  
c/o CFY Development, Inc.  
1724 10<sup>th</sup> Street, Suite 120  
Sacramento, California 95811

Guarantor:

CFY Development, Inc.  
1724 10<sup>th</sup> Street, Suite 120  
Sacramento, California 95811

Any of the service options described in this Section 19 shall be sufficient to give notice hereunder. Rejection or other refusal to accept or the inability to deliver because of changed address or telecopy number of which no notice was given shall be deemed to be receipt of the notice, demand or request sent. By giving to the other party hereto at least thirty (30) days' written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses, telephone and telecopy numbers and each shall have the right to specify as its address, telephone and telecopy numbers any other address, telephone and telecopy numbers within the United States of America.

20. Each Guarantor hereby agrees that this Guaranty Agreement, the Indebtedness and all other obligations guaranteed hereby, shall remain in full force and effect at all times hereinafter until paid and/or performed in full notwithstanding any action or undertakings by, or against, the Limited Partners, any Guarantor, and/or any partner of the Investor Limited Partner in any proceeding in the United States Bankruptcy Court, including, without limitation, any

proceeding relating to valuation of collateral, election or imposition of secured or unsecured claim status upon claims by the Investor Limited Partner pursuant to any Chapter of the Bankruptcy Code or the Rules of Bankruptcy Procedure as same may be applicable from time to time.

21. Any married person who signs this Guaranty hereby agrees that recourse may be had against his or her separate property for all of his or her obligations.

22. This Guaranty Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, with the same effect as if all parties hereto had signed the same signature page. Any signature page of this Guaranty Agreement may be detached from any counterpart of this Guaranty Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Guaranty Agreement identical in form hereto but having attached to it one or more additional signature pages. Execution by any Guarantor shall bind such Guarantor regardless of whether any one or more other Guarantors execute this Guaranty Agreement.

23. Each Guarantor shall provide the Investor Limited Partner with such information and documentation as the Investor Limited Partner may reasonably deem necessary to provide information to its investors and lenders from time to time. Without limiting the generality of the foregoing, each Guarantor shall deliver to the Investor Limited Partner, within sixty (60) days of the end of each calendar year, audited financial statements of such Guarantor, together with a statement of such Guarantor certifying that, from the date of such financial statements, no material adverse change has occurred with respect to the Guarantor described therein.

24. The Guarantors, in the aggregate, have, and shall at all times maintain an aggregate net worth (exclusive of any direct or indirect investment in the Partnership or any other partnership or limited liability company and of any assets that are required to be maintained to provide net worth for other partnerships or limited liability companies), computed on a market value basis, of not less than \$5,000,000, of which at least \$1,000,000 shall be in cash and/or marketable securities.

25. The Guarantors hereby waive the rights and benefits under California Civil Code ("CC") Section 2819, and agree that by doing so the liability of the Guarantors shall continue even if the obligations of the General Partners under the Partnership Agreement are altered in any respect or the Investor Limited Partner's remedies or rights against the Partnership or the General Partners are in any way waived, impaired or suspended without consent.

26. The Guarantors hereby waive any and all benefits and defenses under CC Sections 2845, 2849 and 2850, including, without limitation, any right to require the Partnership or the Investor Limited Partner to (i) proceed against the Partnership or any General Partners; (ii) proceed against or exhaust any security held by the Partnership or any Limited Partner; or (iii) pursue any other remedy in the Partnership's or the Investor Limited Partner's power whatsoever.

27. The Guarantors hereby waive any and all benefits and defenses under CC Section 2810 and agrees that by doing so the Guarantors are liable even if the Partnership or the General Partners, or any of them, had no liability at the time of execution of the Partnership Agreement or thereafter ceases to be liable. The Guarantors hereby waive any and all benefits and defenses under CC Section 2809 and agree that by doing so the Guarantors' liability may be larger in amount and more burdensome than that of the Partnership or any General Partners.

28. Each Guarantor hereby waives all benefits and defenses under CC Section 2847, 2848 and 2849 and agrees that the Guarantors shall have no right of subrogation or reimbursement against the Partnership or the General Partners, no right of subrogation against any collateral or security and no right of contribution against any other guarantor or pledgor unless and until all amounts due by the General Partners under the Partnership Agreement have been paid in full and the Investor Limited Partner has released all of its right, title and interest in any collateral or security. To the extent the Guarantors' waiver of these rights of subrogation, reimbursement or contribution are found by a court of competent jurisdiction to be void or voidable for any reason, each Guarantor agrees that all rights of subrogation and reimbursement against the Partnership, any General Partners, or the Investor Limited Partner and all rights of subrogation against any collateral or security shall be junior and subordinate to the Investor Limited Partner's rights against the Partnership or any General Partner and to the Investor Limited Partner's right, title and interest in such collateral or security, and all rights of contribution against any other guarantor or pledgor shall be junior and subordinate to the Investor Limited Partner's rights against such other guarantor or pledgor.

29. If any of the Guarantors is a married individual, such Guarantor's spouse, shall execute a "Spousal Consent" in the form attached hereto as Attachment 1; provided, however, the failure of a spouse of a Guarantor to sign the form of Spousal Consent shall not affect the validity or the enforceability of this Guaranty Agreement. Thereafter, this Guaranty Agreement shall inure to the benefit of and be binding upon such person, his or her spouse and their respective successors, heirs and assigns.

30. The Guarantors hereby agree that, with respect to the Indebtedness that would be satisfied by the payment of money, this is a guaranty of payment, not collection. With respect to all of the Indebtedness, this Guaranty Agreement may be enforced against the Guarantors by the Partnership, or by the Investor Limited Partner (for itself or on behalf of the Partnership), without first resorting to or exhausting any other right or remedy; provided, however, that nothing in this Guaranty Agreement shall prevent the Partnership or the Investor Limited Partner from suing to enforce the provisions of the Partnership Agreement or the Uniform Act or from exercising any rights thereunder.

31. THE GUARANTORS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY AGREEMENT, ANY OTHER PROJECT DOCUMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). THE GUARANTORS CERTIFY THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER.

32. EACH PARTY HERETO HEREBY AGREES TO SUBMIT TO JUDICIAL REFERENCE PURSUANT TO SECTION 638, ET SEQ., OF THE CALIFORNIA CODE OF CIVIL PROCEDURE ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY EXHIBIT HERETO, ANY CLOSING DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, STATUTE OR ANY OTHER LEGAL THEORY (HEREINAFTER "DISPUTE")). SUCH JUDICIAL REFERENCE SHALL BE FILED AND PROSECUTED IN THE LOS ANGELES SUPERIOR COURT. PURSUANT TO SUCH JUDICIAL REFERENCE, THE PARTIES AGREE TO THE APPOINTMENT OF A SINGLE REFEREE AND SHALL USE THEIR

BEST EFFORTS TO AGREE ON THE SELECTION OF A REFEREE. IF THE PARTIES TO THE DISPUTE ARE UNABLE TO AGREE ON A SINGLE REFEREE, A REFEREE SHALL BE APPOINTED BY THE COURT TO HEAR ANY AND ALL DISPUTES HEREUNDER IN LIEU OF A JURY TRIAL. THE PARTIES AGREE THAT THE APPOINTED REFEREE SHALL HAVE THE POWER TO DECIDE ALL ISSUES REGARDING THE DISPUTE IN THE APPLICABLE ACTION OR PROCEEDING, WHETHER OF FACT OR LAW, AND SHALL REPORT A STATEMENT OF DECISION THEREON. THE PARTIES AGREE THAT THE PROVISIONS CONTAINED HEREIN HAVE BEEN FAIRLY NEGOTIATED ON AN ARM'S-LENGTH BASIS, WITH ALL PARTIES BEING AFFORDED THE OPPORTUNITY TO HAVE THE ADVICE AND COUNSEL OF THEIR INDEPENDENT ATTORNEY. ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE APPLICATION OF JUDICIAL REFERENCE IN THE EVENT OF ANY DISPUTE.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the undersigned Guarantors have executed this Guaranty Agreement as of the day and year first above written.

**GUARANTOR:**

1717 S STREET INVESTORS, LLC a  
California limited liability company

**GUARANTOR:**

CFY DEVELOPMENT, INC. a California  
corporation

By: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_

**GUARANTOR:**

CYRUS YOUSSEFI

\_\_\_\_\_  
in his individual capacity as guarantor

**[NOTE: USE IN COMMUNITY PROPERTY STATES ONLY]**

ATTACHMENT 1

SPOUSAL CONSENT

I acknowledge that I am the spouse of Cyrus Youssefi, a guarantor who signed the foregoing Guaranty Agreement (the "Guaranty Agreement"), dated as of October [\_\_\_], 2020, by and between 1717 S Street Investors, LLC, a California limited liability company, CFY Development, Inc., a California corporation, and Cyrus Youssefi, an individual, for the benefit of Alliant Credit Facility II, LLC and Alliant Credit Facility ALP II, LLC, and their successors and assigns. I acknowledge that I have read the Guaranty Agreement and know its contents. I am aware that the Guaranty Agreement may affect community property, and I hereby consent to the terms of the Guaranty Agreement and agree to be bound by the terms thereof. I hereby waive any right that I may have to set aside the Guaranty Agreement.

Dated: As of October [\_\_\_], 2020

\_\_\_\_\_  
Print Name of Spouse

\_\_\_\_\_  
Signature of Spouse

**EXHIBIT F**  
**INTENTIONALLY DELETED**

**EXHIBIT G**  
**LITIGATION**

[to be confirmed]



## EXHIBIT H

### INCENTIVE MANAGEMENT AGREEMENT

THIS INCENTIVE MANAGEMENT AGREEMENT (the "Agreement") is made as of October [ ], 2020, by and between 1717 S STREET INVESTORS, LP, a California limited partnership (the "Partnership"), and 1717 S STREET INVESTORS, LLC, a California limited liability company (the "Agent"). This Agreement is made with reference to the following facts:

A. The Partnership, pursuant to its Amended and Restated Agreement of Limited Partnership of even date herewith (the "Partnership Agreement"), is engaged in the construction/rehabilitation, ownership and operation of an apartment complex known as 1717 S Street Apartments and located in Sacramento, California (the "Apartment Complex"). (Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Partnership Agreement.)

B. The Agent is being retained to perform certain additional management and oversight services, and the Partnership has agreed to pay the Agent a certain fee, all as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Appointment and Term. The Partnership hereby retains the Agent to render services in managing the business of the Partnership as herein contemplated. The term of this Agreement shall begin on the date hereof and shall end on December 31 of the last year of the Compliance Period, unless earlier terminated by the Partnership with or without cause; provided, however, that this Agreement shall terminate if the Agent or its Affiliate is no longer a General Partner of the Partnership for any reason.

2. Authority and Obligations. Subject to the Consent rights of the Administrative Limited Partner as set forth in the Partnership Agreement, the Agent shall have the authority and obligation to:

(i) provide for the use of Partnership funds, perform certain economic analyses and prepare projections, reports and recommendations as it may deem necessary or desirable with respect to the business of the Partnership;

(ii) provide office space, support staff and administrative services as required by the Partnership;

(iii) administer, manage, and direct the business of the Partnership and take such further action as it may deem necessary or desirable to further the interest of the Partnership;

(iv) monitor the management and day-to-day operations of the Apartment Complex;

(v) investigate and make recommendations with respect to the selection of and conduct of relations with consultants and technical advisors (including, without limitation,

accountants, attorneys, management agents, escrow agents, depositories, custodians, agents for collection, insurers, insurance agents and banks), and persons acting in any other capacity, in connection with the management and administration of the Partnership;

(vi) maintain the books and records of the Partnership in accordance with sound federal income tax accounting principles and generally accepted accounting principles;

(vii) be responsible for the safekeeping and use of all funds and assets of the Partnership, including the maintenance of bank accounts; and

(viii) furnish all Persons who were Partners of the Partnership at any time during the Partnership's prior Fiscal Year such reports (including such reports as are required by Lenders), tax returns and financial statements as are required under Section 13 of the Partnership Agreement. The out-of-pocket costs of preparing the tax returns and financial statements of the Partnership and Apartment Complex required under the Partnership Agreement shall be reimbursed by the Partnership.

3. Compensation. In consideration of the services to be rendered by the Agent to the Partnership hereunder, the Partnership shall pay the Agent as follows:

(i) commencing with the year in which Rental Achievement occurs and for each year thereafter, an incentive management fee (the "Incentive Management Fee") in an amount equal to fifty percent (50%) of Cash Flow remaining after application of Cash Flow against the amounts described in Sections 9.2A(i) through 9.2A(x) of the Partnership Agreement for such year pursuant to Section 9.2A(xi) of the Partnership Agreement; and

(ii) commencing with the year in which Rental Achievement occurs and for each year thereafter, a supervisory management fee (the "Supervisory Management Fee") in an amount equal to 39.98% of Cash Flow remaining after application of Cash Flow against the amounts described in Sections 9.2A(i) through 9.2A(xi) of the Partnership Agreement for such year pursuant to Section 9.2A(xii) of the Partnership Agreement; provided that the Supervisory Management Fee and Incentive Management Fee in the aggregate for any year shall not exceed ten percent (10%) of gross revenues of the Apartment Complex for such year.

The fees due under this Section 3 shall be subject to the limitations set forth in Section 14.2 of the Partnership Agreement, and shall be the only amount payable to the Agent for services performed pursuant to this Agreement. Except for the costs described in Section 2(viii), the Agent shall not be entitled to any reimbursement for costs and expenses, including without limitation, salaries, compensation and fringe benefits of employees of the Agent or overhead of the Agent. The Agent hereby represents that the fees under this Agreement are reasonable and customary in light of the services to be provided.

4. Default of the Agent. Notwithstanding anything contained in this Agreement to the contrary, in the event that (a) the Agent shall default in any material respect in any of its obligations hereunder or (b) the General Partners default in any of their obligations under the Partnership Agreement and such default shall continue beyond any applicable notice or cure period, then the Partnership shall have the right to withhold all compensation otherwise payable to the Agent hereunder until such default is fully cured, and to set off against such compensation any obligations of the Agent hereunder or of the General Partners under the Partnership Agreement. In addition, this Agreement shall automatically terminate upon the withdrawal of a General Partner as a general partner of the Partnership for whatever reason.

5. Burden and Benefit. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. Neither party may assign this Agreement without the Consent of the other party.

6. Severability of Provisions. Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

7. No Continuing Waiver. The waiver of either party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

8. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California applicable to agreements made and to be performed entirely therein.

9. Headings. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

10. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

11. Reliance. No person other than the parties to this Agreement may directly or indirectly rely upon or enforce the provisions of this Agreement, whether as a third party beneficiary or otherwise.

12. Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties or any third party to create the relationship of partners or joint venturers between the Agent and the Partnership.

13. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute only one agreement. The production of any executed counterpart of this Agreement shall be sufficient for all purposes without producing any other counterpart thereof.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have executed this Incentive Management Agreement as of the date and year first above written.

**AGENT:**

1717 S STREET INVESTORS, LLC, a  
California limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_

**PARTNERSHIP:**

1717 S STREET INVESTORS, LP, a  
California limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT I**  
**CONSTRUCTION BUDGET**

[attached behind]

## **EXHIBIT J**

### **PERMITTED ENCUMBRANCES**

The Extended Use Agreement and all matters set forth in the Title Policy issued at Closing (a copy of the pro forma or commitment for such policy is attached hereto), all permitted encumbrances under the Mortgages, and rights of residential tenants, to periodic leasehold tenancy, at the Apartment Complex.

## **EXHIBIT K**

### **TITLE INSURANCE REQUIREMENTS**

The title policy for the property must be acceptable to the Limited Partners and must be in compliance with the following requirements:

1. The title policy must be written on the current standard ALTA owner's policy form or a similar form approved by the Limited Partners. If the property is located in a state in which ALTA forms of coverage are not used or are unacceptable, the title policy shall provide similar coverage.
2. The title policy shall be issued as an extended coverage policy that insures against and/or deletes any pre-printed or standard exceptions.
3. The amount of the title policy must equal the total sum of all Capital Contributions and the anticipated aggregate principal amount of the Mortgage Loans upon commencement of the Permanent Financing Phase.
4. The effective date of the title policy shall be no earlier than the Closing Date. Upon the resyndication of the Investor Limited Partner's Interest, the effective date shall be brought down to the date of admission of the substitute Investor Limited Partner.
5. Schedule A of the title policy must (a) name as the "Insured" the Partnership as constituted as of the issuance date of the title policy and as may be reconstituted from time to time, (b) insure that the property is owned solely by the Partnership, and (c) insure that the Partnership's interest in the property is fee simple absolute or a leasehold, as applicable.
6. The legal description of the property described in the title policy must match that shown on the survey of the property and must include any appurtenant easements.
7. If Schedule B of the title policy indicates the presence of any easements that are not found on the survey and identified by recording information, the title policy must provide affirmative insurance against any loss that conflicts with the use or diminishes the value of the improvements resulting from the exercise by the holder of such easement or its right to use or maintain that easement.
8. If the title policy includes any exception for taxes, assessments or other items which may become a lien on the property, it must insure that such taxes, assessments or items are "not yet due and payable."
9. Any tenant's rights exception should contain a qualification that such rights are "to leaseholds of parties in possession, as tenants only, under unrecorded leases."
10. The title policy shall include such other endorsements whenever available, including, but not limited to, the following:
  - (a) Access (to a named public highway);
  - (b) Blanket Easement (CLTA 103.1 or its equivalent);

- (c) Contiguity (if the project is comprised of adjoining lots);
- (d) Fairway (unless the title policy is the ALTA 2006 form);
- (e) Owner's comprehensive (with mineral rights coverage if applicable - ALTA Form 9.2 or its equivalent);
- (f) Separate Tax Lot;
- (g) Subdivision (if applicable);
- (h) Survey;
- (i) Zoning;
- (j) Street Address;
- (k) Non-imputation (except for properties located in the State of Florida);
- (l) Tax Credit Benefit or Maximum Actual Loss; and
- (m) Utility Facilities.

In addition, to the extent applicable:

- (i) for any easements not described on the survey, affirmative coverage against loss or diminished value resulting from use by easement holder; and
- (ii) for any encroachments, affirmative coverage against loss by reason of enforced removal.

11. Prior to the issuance of the title policy, the Limited Partners and their legal counsel shall each be provided with recorded copies of all exceptions to title coverage. Upon the issuance of the title policy, each shall be provided with a true, correct and complete copy.



## EXHIBIT L

### PARTNERSHIP INSURANCE REQUIREMENTS

1. Construction Phase: During construction, the following insurance coverages must be maintained:

1.1 *Owner's Commercial General Liability Insurance (Bodily Injury and Property Damage):* Insurance of the real estate development class in amounts not less than \$5,000,000 combined single limits (per occurrence/per location and in the aggregate). Maximum deductible is \$10,000.

1.2 *Owner's All-Risk Builder's Insurance:* Insurance providing replacement cost coverage in an amount equal to completed construction value, including soft cost coverage, with an agreed amount endorsement. For rehabilitation projects, the building value is to be included in the Builder's Risk policy or under a separate policy. The policy shall carry no coinsurance and shall have a deductible no greater than \$10,000 per occurrence.

1.3 *General Contractor's Commercial General Liability and Property Damage Insurance:* Insurance of the construction exposure class in the same amounts set forth above. Automobile liability, and workers' compensation in the statutory amount. Coverage for any indemnity obligations imposed by the contract documents.

1.4 *[General Contractor's Pollution Coverage:* Insurance providing defense and indemnity coverage for bodily injury, property damage, and environmental investigation and clean-up costs for pollution conditions arising from the contractor's operations. NOTE: This type of insurance typically protects only against the GC / GP's own acts (as to which we are already indemnified under 6.7B(viii). Consider requiring insurance to *also* cover this risk for new / thinly capitalized developers only.]

1.5 *Architect's Errors and Omissions Insurance:* Insurance for the greater of \$250,000 or 10% of the construction contract amount, in a form satisfactory to the Investor Limited Partner.

1.6 *Management Agent's Insurance:* If apartment units are occupied during construction, General Liability Insurance, Fidelity Bond / Insurance in an amount based upon at least two (2) months projected gross income and Worker's Compensation Insurance in accordance with State law.

2. Permanent Insurance (after construction completion):

2.1 *Owner's Commercial General Liability Insurance (Bodily Injury and Property Damage):* Insurance in amounts not less than \$5,000,000 combined single limits (per occurrence/per location and in the aggregate). Maximum deductible is \$10,000.

2.2 *Owner's Broad Form (All-Risk) Property Insurance:* Insurance on buildings and personal property in an amount not less than the full insurable replacement value of such buildings and personal property, but in no event less than the principal amount of all outstanding loans for the project. The policy shall carry no coinsurance and shall have a deductible no greater than \$10,000 per occurrence.

2.3 *Owner's Rental Interruption Insurance:* Insurance in amounts required by all lenders, but not less than the equivalent of six (6) months' gross rental income.

2.4 *General Contractor's Commercial General Liability and Property Damage Insurance:* Products and Completed Operations Insurance for up to three (3) years following completion of construction.

2.5 *Management Agent's Insurance:* General Liability Insurance, Fidelity Bond / Insurance in an amount based upon at least two (2) months projected gross income and Worker's Compensation Insurance in accordance with State law.

3. Earthquake, Flood and Other Special Hazards:

3.1 Seismic reports will be required for all projects in areas prone to seismic activity. Earthquake insurance will be required on all transactions in a seismic area, unless specifically proven unnecessary. Maximum deductible not to exceed the greater of \$25,000 or 5% of insured valued per building.

3.2 If the project is located in a 100 Year Flood Zone, flood insurance will be required. Maximum deductible not to exceed the greater of \$25,000 or 2% of insured value per building.

3.3 Insurance for boiler and machinery, wind and/or mudslide, sinkhole/mine subsidence(as needed), in form and amount deemed necessary by all lenders and acceptable to the Investor Limited Partner. Maximum deductible is \$25,000.

4. Proof of Insurance: Insurance coverage must be evidenced by certificates of insurance and properly endorsed policies certified as true and correct by the insurance agent. All evidence of insurance must satisfy the following requirements: (a) the Partnership (rather than the General Partners or the Developer) should be the named insured; (b) policies must be written with an A.M. Best rated company of "A-X" or better; (c) all binders and policies must contain a cancellation clause stating that the policy will not be canceled or non-renewed without at least thirty (30) days prior written notice to the Partnership; (d) certificates must document the amount of all deductibles; and (e) binders and policies must be accompanied by evidence of premium payment.

*The foregoing insurance guidelines are subject to change by the Administrative Limited Partner on a case by case basis, depending on the facts of the Apartment Complex.*

## **EXHIBIT M**

### **FORM OF ASSIGNMENT**

#### **ASSIGNMENT AND ASSUMPTION OF INVESTOR LIMITED PARTNER INTEREST AND ADMINISTRATIVE LIMITED PARTNER INTEREST IN 1717 S STREET INVESTORS, LP**

Assignment and Assumption of Investor Limited Partner Interest and Administrative Limited Partner Interest in 1717 S Street Investors, LP, a California limited partnership (the "Partnership"), dated as of [\_\_\_\_], 2020 (the "Effective Date") by and among ALLIANT CREDIT FACILITY II, LLC, a Florida limited liability company (the "Investor Limited Partner") and ALLIANT CREDIT FACILITY ALP II, LLC, a Florida limited liability company (the "Administrative Limited Partner") (Investor Limited Partner and Administrative Limited Partner are hereinafter referred to, collectively, as the "Assignors"); [ALLIANT TAX CREDIT FUND \_\_, LTD., a California limited partnership] (the "New Investor Limited Partner") and [ALLIANT \_\_\_\_\_, LLC, a California limited liability company] (the "New Administrative Limited Partner") (the New Investor Limited Partner and the New Administrative Limited Partner are hereinafter referred to, collectively, as the "Assignees"). The Assignors and Assignees are sometimes referred to together as the "Assigning Parties"; all other parties are sometimes referred to collectively as the "Non-Assigning Parties".

WHEREAS, the Investor Limited Partner acquired a partnership interest in the Partnership (the "ILP Interest") and Administrative Limited Partner acquired a partnership interest in the Partnership (the "ALP Interest") (the ILP Interest and the ALP Interest are hereinafter referred to, collectively, as the "Assigned Interests"), both pursuant to an Amended and Restated Agreement of Limited Partnership of the Partnership dated as of October [\_\_\_\_], 2020 (the "Agreement"), and the Investor Limited Partner and Administrative Limited Partner are beneficiaries of that certain Guaranty Agreement dated as of October [\_\_\_\_], 2020 (the "Guaranty");

WHEREAS, Section 10.1 of the Agreement permits Assignors to make assignments of the Assigned Interests to Assignees without Consent of any other parties;

WHEREAS, Section 10.2 of the Agreement authorizes the substitution of the Assignees as Substituted Partners without Consent of any other parties;

WHEREAS, the Investor Limited Partner wishes to assign the ILP Interest to the New Investor Limited Partner, as of the Effective Date, and the New Investor Limited Partner wishes to accept such assignment of the ILP Interest for the consideration and upon the terms and conditions hereinafter set forth;

WHEREAS, the Administrative Limited Partner wishes to assign the ALP Interest to the New Administrative Limited Partner, as of the Effective Date, and the New Administrative Limited Partner wishes to accept such assignment of the ALP Interest for the consideration and upon the terms and conditions hereinafter set forth;

WHEREAS, the New Investor Limited Partner is willing to undertake all of the remaining obligations of Investor Limited Partner under the Agreement (the "Investor Limited Partner Obligations") and the New Administrative Limited Partner is willing to undertake all of the

remaining obligations of the Administrative Limited Partner under the Agreement (the “Administrative Limited Partner Obligations,” collectively with the Investor Limited Partner Obligations, the “Obligations”); and

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration hereinafter described, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. The term “Assigned Interests” means: (a) the ILP interest (including but not limited to the Investor Limited Partner’s entire right to allocations of profits, gain, income or losses and tax credits and all items entering into the computation thereof, and to distributions of cash, however denominated, and each and every right, benefit, duty and obligation under the Agreement), (b) the ALP interest (including but not limited to the Investor Limited Partner’s entire right to allocations of profits, gain, income or losses and tax credits and all items entering into the computation thereof, and to distributions of cash, however denominated, and each and every right, benefit, duty and obligation under the Agreement), and (c) the Guarantee Interests (including but not limited to each and every right, benefit, duty and obligation of each of the Assigning Parties under the Guaranty). Capitalized terms used but not defined herein shall have the respective meanings attributed thereto in the Agreement.

2. The Investor Limited Partner hereby assigns to the New Investor Limited Partner and the New Investor Limited Partner hereby accepts from the Investor Limited Partner, one hundred percent (100%) of the Investor Limited Partner’s right, title and interest in and to the ILP Interest and the Guarantee Interests.

3. In consideration of the assignment effected hereby, the New Investor Limited Partner hereby assumes and agrees to discharge all of the Investor Limited Partner Obligations. In addition, the New Investor Limited Partner shall promptly reimburse the Investor Limited Partner for all Capital Contributions heretofore made by the Investor Limited Partner to the Partnership and for such other expenditures heretofore incurred by the Investor Limited Partner relating to its acquisition of the ILP Interest as the Investor Limited Partner and the New Investor Limited Partner shall mutually determine.

4. The Administrative Limited Partner hereby assigns to the New Administrative Limited Partner and the New Administrative Limited Partner hereby accepts from the Administrative Limited Partner, one hundred percent (100%) of the Administrative Limited Partner’s right, title and interest in and to the ALP Interest and the Guarantee Interests.

5. In consideration of the assignment effected hereby, the New Administrative Limited Partner hereby assumes and agrees to discharge all of the Administrative Limited Partner Obligations. In addition, the New Administrative Limited Partner shall promptly reimburse the Administrative Limited Partner for all Capital Contributions heretofore made by the Administrative Limited Partner to the Partnership and for such other expenditures heretofore incurred by the Administrative Limited Partner relating to its acquisition of the ALP Interest as the Administrative Limited Partner and the New Administrative Limited Partner shall mutually determine.

6. By their respective execution hereof, Assignees hereby agree to become Substituted Partners of the Partnership and, subject to the foregoing provisions of this agreement, agree to be bound (to the same extent as Assignors were bound) by the Project Documents and by the provisions of the Agreement as they relate to the Assignors or the respective Assigned Interests.

7. Assignees are hereby admitted for all purposes of the Agreement.

8. The Investor Limited Partner represents, warrants and covenants to the New Investor Limited Partner that (i) the Investor Limited Partner is the sole owner of the ILP Interest, free and clear of all undisclosed liens, encumbrances, security interests or claims of third parties of any kind or description; (ii) the Investor Limited Partner is free to effect the assignment of the ILP Interest as provided herein and such assignment does not violate any law or constitute a default under any agreement to which the Investor Limited Partner is a party or by which the Investor Limited Partner is bound; (iii) this agreement is sufficient in all respects to assign to the New Investor Limited Partner the ILP Interest and (iv) the Investor Limited Partner will take no action inconsistent with or in derogation of the assignment of the ILP Interest effected hereunder.

9. The New Investor Limited Partner represents, warrants and covenants to the Investor Limited Partner that the New Investor Limited Partner is free to acquire the ILP Interest as provided herein and such acquisition does not violate any law or constitute a default under any agreement to which the New Investor Limited Partner is a party or by which the New Investor Limited Partner is bound.

10. The Administrative Limited Partner represents, warrants and covenants to the New Administrative Limited Partner that (i) the Administrative Limited Partner is the sole owner of the ALP Interest, free and clear of all undisclosed liens, encumbrances, security interests or claims of third parties of any kind or description; (ii) the Administrative Limited Partner is free to effect the assignment of the ALP Interest as provided herein and such assignment does not violate any law or constitute a default under any agreement to which the Administrative Limited Partner is a party or by which the Administrative Limited Partner is bound; (iii) this agreement is sufficient in all respects to assign to the New Administrative Limited Partner the ALP Interest and (iv) the Administrative Limited Partner will take no action inconsistent with or in derogation of the assignment of the ALP Interest effected hereunder.

11. The New Administrative Limited Partner represents, warrants and covenants to the Administrative Limited Partner that the New Administrative Limited Partner is free to acquire the ALP Interest as provided herein and such acquisition does not violate any law or constitute a default under any agreement to which the New Administrative Limited Partner is a party or by which the New Administrative Limited Partner is bound.

12. The parties hereto hereby confirm the continuing validity and enforceability of the Agreement, acknowledging that Assignees shall succeed to all rights and obligations of Assignors thereunder as of the Effective Date. This provision shall be construed to amend the Agreement to the extent necessary to reflect the admission of the Assignees to the Partnership and to give effect to the other provisions of this agreement.

13. The parties agree that the assignment of the Assigned Interests, the admission of the Assignees to the Partnership and the other transactions effected hereby shall be effective for all purposes as of the Effective Date.

14. The parties hereto agree to cooperate in good faith to effect any further amendments to the Agreement or Project Documents and to take such other steps as may be necessary or appropriate in order to more fully reflect and further evidence the assignment of the Assigned Interests and the other transactions effected hereby.

15. This instrument may be executed in several counterparts and all counterparts so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties have not signed the original or the same counterpart.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the undersigned have caused this Assignment and Assumption of Investor Limited Partner Interest and Administrative Limited Partner Interest to be executed and delivered as a sealed instrument as of the Effective Date.

**ASSIGNOR:**

ALLIANT CREDIT FACILITY II, LLC, a  
Florida limited liability company

By: Alliant Capital, Ltd., a Florida limited  
partnership, its sole member

By: Alliant, Inc., a Florida corporation,  
its general partner

By: \_\_\_\_\_  
Brian Goldberg, President

**ASSIGNOR:**

ALLIANT CREDIT FACILITY ALP II, LLC, a  
Florida limited liability company

By: Alliant Capital, Ltd., a Florida limited  
partnership, its sole member

By: Alliant, Inc., a Florida corporation,  
its general partner

By: \_\_\_\_\_  
Brian Goldberg, President

**ASSIGNEE:**

[ALLIANT TAX CREDIT FUND \_\_\_\_, LTD., a  
Florida limited partnership

By: Alliant, Inc., a Florida corporation,  
its general partner]

By: \_\_\_\_\_  
Brian Goldberg, President

**ASSIGNEE:**

[ALLIANT \_\_\_\_, LLC., a Florida  
limited liability company

By: Alliant Capital, Ltd., a Florida limited  
partnership, its sole member

By: Alliant, Inc., a Florida corporation,  
its general partner]

By: \_\_\_\_\_  
Brian Goldberg, President

**EXHIBIT N**

**INTENTIONALLY DELETED**



**EXHIBIT O**  
**INITIAL PROJECTIONS**

[attached behind]

**EXHIBIT P**

**FORM OF SECTION 13.3C CERTIFICATION**

The undersigned is a duly authorized corporate officer of 1717 S Street Investors, LLC, a California limited liability company, the Administrative General Partner of 1717 S limited partnership (the "Partnership"), and hereby certifies to Alliant Credit Facility II, LLC, a Florida limited liability company, and Alliant Credit Facility ALP II, LLC, a Florida limited liability company, pursuant to Section 13.3C of the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of October [\_\_\_], 2020 (capitalized terms used but not defined herein shall have the meanings set forth therein), as follows: the Apartment Complex and all tenants in the Tax Credit Apartment Units are in compliance with all Housing Credit requirements and regulations applicable to the Apartment Complex, except as set forth below:

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**ADMINISTRATIVE GENERAL PARTNER:**

1717 S STREET INVESTORS, LLC a California  
limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

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# POST CLOSE ORGANIZATIONAL CHART



**Loan Documents and Priority**  
**1717 S Street**

**A. Construction Lender: Keybank**

<b>Document</b>	<b>Parties</b>
Taxable Note	Keybank and Borrower
Construction Loan Agreement	Keybank and Borrower
Governmental Deed of Trust (both Tax-exempt and Taxable Notes)	Borrower – to benefit Keybank, US Bank and CalHFA
Environmental and Building Laws Indemnity Agreement	Keybank, Borrower, CFY and Cyrus
Collateral Assignment of Rights to Tax Credits and Partnership Interests	Keybank and both GP's
Consent and Subordination of Management Agreement	Keybank, Borrower and CFY
Limited Recourse Guaranty (50% of loan)	Keybank, CFY and Cyrus
Performance and Completion Guaranty	Keybank, CFY and Cyrus
Assignment of Development Fee	Keybank and CFY
Agreement and consent to Assignment of Construction Documents (contractor)	Keybank and CFY
Agreement and Consent to Assignment of Construction Documents (architect)	Keybank and Kuchman
Assignment of Construction and Design Agreements	Keybank and Borrower

**B. Construction Lender: Keybank and CalHFA Tax-Exempt Docs**

<b>Document</b>	<b>Parties</b>
Funding Loan Agreement	Keybank, CalHFA, and US Bank with Borrower consent
Governmental Note	Keybank, US Bank and CalHFA
Project Loan Agreement	CalHFA, US Bank and Borrower
Project Note (tax-exempt)	CalHFA and Borrower
Regulatory Agreement and Declaration of Restrictive Covenants ("Tax Regulatory Agreement")	CalHFA, US Bank and Borrower
Low Income Housing Tax Credit Land Use Restriction Agreement ("LIHTC Declaration")	N/A
Priority and Subordination Agreement	Keybank, US Bank, CalHFA, Borrower, CADA, and the GP's
Assignment of Loan Documents	From CalHFA to US Bank



**1717 S STREET AFFORDABLE HOUSING PROJECT**  
**Attachment 3 – List of Primary Financing Documents**

**C. Permanent Lender: CalHFA MIP Loan (\$7.9M Permanent Loan)**

<b>Document</b>	<b>Parties</b>
MIP Note	CalHFA and Borrower
MIP Deed of Trust	CalHFA and Borrower
MIP Regulatory Agreement	CalHFA and Borrower

**D. Perm Lender: Freddie Mac with Keybank as Servicer**

<b>Document</b>	<b>Parties</b>
Amended and Restated Project Note	US Bank and Borrower
Construction Phase Financing Agreement	Keybank as initial lender and as permanent servicer/lender, and Freddie Mac
Continuing Covenant Agreement	Keybank and Borrower
Amended and Restated Deed of Trust	Keybank and Borrower
Assignment of Management Agreement and Subordination of Management Fees	Keybank, Borrower and CFY
Guaranty	CFY and Cyrus Youssefi
Subordination Agreement	Keybank and CADA
Subordination Agreement	Keybank and CalHFA

**E. CADA Loan**

<b>Document</b>	<b>Parties</b>
Promissory Note	Borrower
Deed of Trust	Borrower
Regulatory Agreement	Borrower

**F. Recordation Priority:**

1. LIHTC Declaration
2. Tax Regulatory Agreement
3. Governmental Deed of Trust
4. MIP Regulatory Agreement
5. MIP Deed of Trust
6. CADA Regulatory Agreement
7. CADA Deed of Trust



**RESOLUTION NO. 20 – 03**  
**Corporate Resolution**  
**of**  
**Capitol Area Community Development Corporation**

The undersigned being the Secretary of Capitol Area Community Development Corporation, a California non-profit public benefit corporation (the “**Corporation**” or “**CACDC**”) does hereby certify that by unanimous consent of the board of directors of the Corporation the following resolutions were adopted:

WHEREAS, the Corporation currently acts as the managing general partner (the “**Managing General Partner**”) of 1717 S Street Investors, LP, a California limited partnership (the “**Partnership**”), pursuant to that certain Agreement of Limited Partnership of the Partnership dated as of March 9, 2017 (the “**Partnership Agreement**”);

WHEREAS, the Corporation desires to cause the Partnership to develop and construct an affordable housing development located in Sacramento, California to be known as 1717 S Street Apartments (the “**Project**”);

WHEREAS, the Corporation has determined that it is in the best interests of the Partnership and the Project to obtain construction financing for the Project consisting of a loan from KeyBank National Association, a national banking association (“**KeyBank**” or the “**Funding Lender**”) in an aggregate amount not to exceed \$XX,XXX,XXX (the “**Funding Loan**”), which loan will be in the form of a tax exempt loan of up to \$XX,XXX,XXX and a taxable loan of up to \$X,XXX,XXX, in each case from KeyBank to California Housing Finance Agency (“**Issuer**” or the “**Governmental Lender**”), the proceeds of which will be used to fund a loan to the Partnership for Project financing (the “**Construction Loan**”); from Issuer to the Partnership in the amount of the Funding Loan and pursuant to the terms of a loan agreement, deed of trust, construction note and related loan documents;

WHEREAS, the Construction Loan will be subject to a deed of trust (the “**Senior Deed of Trust**”), and in connection therewith, the Partnership will execute additional documents required by the Governmental Lender and Funding Lender, which may include, without limitation, a promissory note, a loan agreement, a regulatory agreement, pledge agreements, an assignment of equity interests, an assignment of construction contract, an assignment of architect agreement, an assignment of management agreement, an assignment of developer fee, and certain other documents required by the Funding Lender (collectively with the Senior Deed of Trust, the “**Senior Loan Documents**”), which documents the Governmental Lender shall assign to the Funding Lender as collateral security for the Funding Loan;

WHEREAS, the Corporation desires the Partnership in connection with the construction, development and operation of the Project, request that Capitol Area Development Authority, a joint powers agency (“**CADA**”), provide a subordinate loan in the approximate principal amount of up to \$3,300,000.00 funded to finance the construction, development and operation of the Project (the “**CADA Loan**”);

WHEREAS, the Corporation desires the Partnership in connection with the development

and operation of the Project, request that KeyBank provide a permanent loan in an approximate principal amount of up to \$XX,XXX,XXX, to finance the operation of the Project (the **"Permanent Loan"**);

WHEREAS, the Corporation desires the Partnership in connection with the development and operation of the Project, request that California Housing Finance Agency (**"CalHFA"**) provide a Mixed Income Program loan in the approximate principal amount of up to \$7,900,000.00 funded to finance the development and operation of the Project (the **"CalHFA MIP Loan"**);

WHEREAS, in connection with the making of the Construction Loan, the Permanent Loan, the CalHFA MIP Loan, and the CADA Loan, the Partnership and the Corporation shall enter into certain agreements with KeyBank, CADA and CalHFA, among others (the **"Financing Documents"**);

WHEREAS, the Corporation desires to enter into that certain Amended and Restated Agreement of Limited Partnership of 1717 S Street Investors, LP, a California limited partnership (the **"Amended Agreement"**) by and among 1717 S Street Investors, LLC, a California limited liability company, as the Administrative General Partner (the **"Administrative General Partner"**) and together with the Managing General Partner, the **"General Partners"**) of the Partnership, 1717 S Street Investors, LLC, a California limited liability company and Capitol Area Community Development Corporation, a California non-profit public benefit corporation, in each of their capacity individually as the withdrawing limited partner and together as the withdrawing limited partners (the **"Withdrawing Limited Partners"**), wish to cause Affordable Housing Fund II LLC, a Missouri limited liability company, as the State Tax Credit Investor Limited Partner, (the **"State Investor LP"**), Alliant Credit Facility II, LLC, a Florida limited liability company, as the Federal Tax Credit Investor Limited Partner, (the **"Federal Investor LP"**) and Alliant Credit Facility II, LLC, a Florida limited liability company, as the Special Limited Partner (the **"Special Limited Partner"**) to be admitted to the Partnership as limited partners (collectively the **"Investing Limited Partners"**), pursuant to which, the rights and responsibilities of the partners are outlined with respect to the Partnership and the Project. Capitalized terms that are used but no defined in this consent will have the meanings given such terms in the Amended Agreement;

WHEREAS, in consideration of the admission of the State Investor LP, Federal Investor LP, and Special Limited Partner to the Partnership, the State Investor LP and the Federal Investor LP will make certain capital contributions (the **"Capital Contributions"**) to the Partnership pursuant to the terms of the Amended Agreement and certain additional documents associated therewith, and to enter into that certain development agreement, budget agreement, guaranty agreement (as may be required by the Limited Partners) and any and all documents necessary to consummate the reservation any award of the federal low income housing tax credits (collectively, the **"Partnership Documents"**);

WHEREAS, the Corporation wishes to take such actions under the Financing Documents and Partnership Documents, as are necessary to cause the Partnership to develop, construct, and operate the Project;

WHEREAS, the Corporation, on its own behalf and as a general partner of the Partnership, deems it to be in the best interests of the Corporation to take all actions to facilitate (i) the

development, construction, and operation of the Project, (ii) the making of the Construction Loan, the Permanent Loan, the CADA Loan and the CalHFA MIP Loan to the Partnership, (iii) the admission of the Limited Partners to the Partnership, and (iv) the withdrawal of the Withdrawing Limited Partners from the Partnership, including, without limitation, entering into any and all agreements with the Partnership, CalHFA, KeyBank, and CADA, the Limited Partners, the Administrative General Partner, the Managing General Partner and/or any other person or entity as may be necessary or convenient to cause (i) the development, construction, and operation of the Project, (ii) the making of the Construction Loan, the Permanent Loan, the CADA Loan and the CalHFA MIP Loan to the Partnership, (iii) the admission of the Limited Partners to the Partnership, and (iv) the withdrawal of the Withdrawing Limited Partners from the Partnership; and

WHEREAS, the Corporation, in its own capacity or as a general partner of the Partnership, wishes to enter into any and all documents, including, without limitation, the Financing Documents and the Partnership Documents, as may be necessary or convenient to facilitate (i) the development, construction, and operation of the Project, (ii) the making of the Construction Loan, the Permanent Loan, the CADA Loan and the CalHFA MIP Loan to the Partnership, (iii) the admission of the Limited Partners to the Partnership, and (iv) the withdrawal of the Withdrawing Limited Partnerd from the Partnership.

NOW, THEREFORE, BE IT RESOLVED that Wendy S. Saunders as President of the Corporation, each in his/her own name and in the name of and on behalf of the Corporation is hereby authorized, empowered and directed, for its own account, to take such actions set forth above, including, but not limited to, execution of the Financing Documents and the Partnership Documents to which it is a party, and take such further actions, and to execute such additional documents and instruments, as the Corporation may deem necessary or appropriate in connection with the matters authorized in the foregoing resolutions, and the signature of any Principal(s) of the Corporation on any document or instrument, including but not limited to, the Financing Documents and the Partnership Documents to which the Corporation is a party, or the performance of any such actions, shall be conclusive evidence of the Corporation's authority to take such actions or execute such document or instrument on behalf of the Corporation, for its own account and/or as a general partner of the Partnership;

RESOLVED FURTHER, that Wendy S. Saunders as President of the Corporation, each in his/her own name and in the name of and on behalf of the Corporation is hereby authorized, empowered and directed to enter into any and all documents, including, without limitation, the Financing Documents and the Partnership Documents to which the Corporation or the Partnership is a party, as may be required or requested by the Partnership, KeyBank, CADA, CalHFA, the Limited Partner, the Administrative General Partner and/or any other person or entity to cause or facilitate (i) the development, construction and operation of the Project, (ii) the making of the Construction Loan, the Permanent Loan, the CADA Loan, and the CalHFA MIP Loan to the Partnership, (iii) the admission of the Limited Partners to the Partnership, and (iv) the withdrawal of the Withdrawing Limited Partners as limited partners from the Partnership;

RESOLVED FURTHER, that any and all resolutions previously adopted by the Corporation regarding the subject matter herein are superseded by the resolutions herein and any and all acts heretofore taken by the Corporation in connection with the matters authorized by the foregoing resolutions or in connection with the transaction described herein are hereby ratified,

confirmed, adopted and approved by the board of directors of the Corporation;

RESOLVED FURTHER, that the execution of any and all documents and instruments related to the purposes and intent of the foregoing resolutions by the Corporation shall be conclusive evidence of the approval thereof by the Corporation; and

RESOLVED FURTHER, that any third party receiving a duly executed copy or a facsimile of these resolutions may rely on the foregoing resolutions, unless and until revoked by the board of directors of the Corporation, and that the revocation of the foregoing resolutions shall be ineffective as to such third party unless and until actual notice or knowledge of such revocation shall have been received by such third party.

RESOLVED FURTHER, that any and all Organizational Documents attached to either this resolution or the Opinion Letter(s) of Law Offices of Patrick R. Sabelhaus, or supplied to the firm by CACDC, are true and correct copies of the organizational documents of the Corporation.

[Signatures on Following Page]

Ayes: 0

Noes: 0

Abstain: 0

### SECRETARY'S CERTIFICATION

I, \_\_\_\_\_, the appointed/elected Secretary of the Corporation, hereby certify that the foregoing is a true copy of the resolutions adopted by the unanimous consent of the Board of Directors of the Corporation without a formal meeting, and that said resolutions are in full force and effect; and the Board has, and at the time of the adoption of the resolutions had, full power and authority to adopt said resolutions.

Name: \_\_\_\_\_ Date \_\_\_\_\_  
Title: Secretary



September 28, 2020

**TO:** CADA Board of Directors  
Capitol Area Community Development Corporation (CACDC) Board of Directors

**SUBJECT:** **October 2, 2020 Board Meeting**  
**AGENDA ITEM 6**  
**1717 S STREET – CACDC LOAN AND PROJECT FUNDING LOAN**

**CONTACT PERSON:** Todd Leon, Development Director (CADA), Staff (CACDC)  
Wendy S. Saunders, Executive Director (CADA), President (CACDC)

### **RECOMMENDED ACTIONS:**

Staff recommends the CADA Board of Directors and the CACDC Board of Directors approve various loan agreements and allocate funds as necessary to fund and complete construction of 1717 S Street.

**[CADA]** Adopt a resolution authorizing the Executive Director to 1) retire a previous loan agreement, deed of trust and promissory note between CADA and CACDC; 2) execute a new loan agreement and promissory note in the approximate amount of \$1,108,000, which equals the remaining balance on the retired loan plus a new line of credit in an amount not-to-exceed \$500,000; and 3) to authorize amendment of the Fiscal Year (FY) budget 20/21 budget to allocate funding for the new 1717 S Street development loan.

**[CACDC]** Adopt a resolution authorizing the President to 1) retire a previous loan agreement and promissory note between CADA and CACDC; 2) execute a new loan agreement and promissory note with CADA in the amount of \$1,108,000, and authorize the drawdown of funds from the new loan in an amount not-to-exceed \$500,000 to fund project construction expenses; and 3) execute a loan agreement and promissory note with the 1717 S Street Partnership, LP to loan an amount not to exceed \$500K to the 1717 S Street Partnership, LP.

### **BACKGROUND**

On March 25, 2016, the CADA Board adopted a resolution approving a Purchase and Sale Agreement ("PSA") with the Development Partnership to acquire the half block of property located on the north side of S Street between 17<sup>th</sup> and 18<sup>th</sup> Streets, known as 1717 S Street ("Property"). The Partnership will build a mixed-use, mixed-income project on the site in order to meet a portion of CADA's R Street Area affordable housing requirement. Also on March 25, 2016, CADA and the CACDC executed a Revolving Line of Credit in the amount of \$259,000 to pay the CACDC's general partner portion (half) of the due diligence deposits and project predevelopment costs.

On February 24, 2017 the CADA and CACDC Boards adopted resolutions authorizing the assignment of the PSA from CADA to the Development Partnership and authorized a loan agreement and promissory note between CADA and the CACDC in an amount not to exceed \$2,108,000. The CACDC Board also authorized the drawdown of the CADA loan in order to pay off the previous \$259,000 line

of credit, and to provide the CACDC's funding contribution to the Development Partnership for the property purchase, groundwater remediation, and other predevelopment costs. The other Partnership general partner also provided an equal loan of \$2,108,000 to the Partnership.

On February 23, 2018, the CADA Board authorized the Executive Director to execute a permanent loan agreement, promissory note, and any necessary loan documents between CADA and the Development Partnership in an amount not to exceed \$3,000,000 to provide project gap financing. In addition, the Board approved amending the loan agreement and promissory note between CADA and CACDC to increase the loan amount from \$2,108,000 to an amount not to exceed \$2,808,000.

On August 21, 2020 the CADA Board adopted a resolution authorizing the Executive Director to amend loan documents between CADA and the 1717 S Street Investors, LP (Development Partnership) to increase the loan amount from \$3,000,000 to an amount not to exceed \$3,300,000 to provide project gap financing and amend the FY 2020/21 budget to account for the new Development Partnership loan.

### **Analysis**

The 1717 S Street Investors, LP is set to close escrow on project financing by October 13, 2020. The project financing has been difficult to complete as the affordable housing financial market has been unpredictable since the onset of the Covid-19 pandemic. Financial agreement terms and loan rates conditioned by the project's financial partners have altered the assumptions in the project pro forma and budget. These changes are still being negotiated but as it stands, these changes may cause a possible construction budget shortfall.

### **CADA Loan to CACDC**

CADA's funds loaned to the CACDC were contributed to the 1717 S Street Partnership and utilized for the property purchase, carrying costs, remediation, and predevelopment work leading to construction of the project. In all, the CACDC has drawn down the entire allowed loan amount of \$2,808,000. CACDC was expected to be repaid on its partnership predevelopment contribution, in part or whole, out of the finance closing proceeds. However, based on the terms of the various financing agreements, it appears the project will receive less funding out of the escrow closing than anticipated and thus limiting the amount of reimbursement back to the Partnership for predevelopment costs. The CACDC is expected to receive approximately \$2.2 Million from closing that will be used to pay down on the CADA Loan and will leave a remaining estimated loan balance of approximately \$608,000.

### **Construction funding**

Lower than expected tax credit proceeds and slight increases in construction costs and insurance has resulted in a possible shortfall in the project construction budget. In order to ensure there are enough funds to complete construction activities, CFY Development and the CACDC might need to each loan the project Partnership up to \$500,000. These available loan funds will cover soft cost and contingency items such as special inspections, studies and architectural services through the course of construction.

In order to contribute its share of funds to the Partnership, should it be needed, the CACDC is requesting a \$500,000 line of credit and loan from CADA. The loan would only be drawn down if needed. If the construction loan funds are utilized, these funds would be paid back either at the conversion to the permanent financing or through payment from project revenues after senior debt payments have been made each year.



#### CADA Predevelopment Loan Balance and New Construction Loan

Staff is recommending that the current loan between CADA and the CACDC be retired at the close of the project financing escrow and a single new loan be established that would consist of CACDC's remaining predevelopment loan debt to CADA in the approximate amount of \$608,000 and the new requested construction loan in the amount of \$500,000, for a total of approximately \$1,108,000. The new loan between CADA and CACDC would be unsecured.

### **FINANCIAL IMPACT**

As previously stated to the Board, when project financing closes escrow, the Partnership expects to capitalize the land purchase and remediation costs of the project, which will result in each partner, including the CACDC, receiving a cost reimbursement repayment, which is now estimated to be \$2,200,000. The CACDC will use the returned funds to repay CADA all but approximately \$608,000 of the funds loaned to the CACDC. The remaining loan balance is expected to be repaid to CADA upon conversion to permanent financing and when CACDC receives its share of the project development fee.

Since the \$3,300,000 CADA gap loan to the project is partially funded by the repayment of the predevelopment funds to CACDC, CADA will need to provide approximately \$200,000 more funds from the CADA R Street Area Development reserve than previously reported to the CADA Board. The addition funding needed for the loan will leave the R Street Area Development Reserve with an estimated balance \$1,167,000.

Funding for the CACDC's requested \$500,000 line of credit to cover soft cost contingency expenses during construction of the 1717 S Street project will also need to draw from the R Street Area Development Reserve. If approved and the the entire line of credit is drawn, the Development Reserve will be left with a balance of \$667,000 for the FY20/21.

### **ENVIRONMENTAL CONSIDERATIONS**

On March 25, 2016, the CADA Board found that the Purchase and Sale Agreement and the anticipated project are consistent with the Sacramento 2035 General Plan, and that potential project impacts have been addressed in the City of Sacramento 2035 General Plan Environmental Impact Report. Therefore, no further environmental review is required.



## **RESOLUTION NO. 20 - 28**

Adopted by the Capitol Area Development Authority

October 2, 2020

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO 1) RETIRE A PREVIOUS LOAN AGREEMENT, DEED OF TRUST AND PROMISSORY NOTE BETWEEN CADA AND CACDC; 2) EXECUTE A NEW LOAN AGREEMENT AND PROMISSORY NOTE IN THE APPROXIMATE AMOUNT OF \$1,108,000, WHICH EQUALS THE REMAINING BALANCE ON THE RETIRED LOAN PLUS A NEW LINE OF CREDIT IN AN AMOUNT NOT-TO-EXCEED \$500,000; AND 3) TO AUTHORIZE AMENDMENT OF THE FISCAL YEAR (FY) BUDGET 20/21 BUDGET TO ALLOCATE FUNDING FOR THE NEW 1717 S STREET DEVELOPMENT LOAN.**

**WHEREAS**, on March 25, 2016 the CADA Board authorized the Executive Director to enter into a Purchase and Sale Agreement with 1700 Block S Street Investors, LLC (Owner) to purchase 1717 S Street (Property), and on April 5, 2017, the Executive Director signed the Purchase and Sale Agreement (PSA); and

**WHEREAS**, on March 25, 2016, CADA approved a Revolving Line of Credit with the Capitol Area Community Development Corporation (CACDC) in the amount of \$259,000, to allow CACDC to pay property deposits and due diligence costs; and

**WHEREAS**, On February 24, 2017 the CADA Board authorized execution of a new loan agreement and promissory note between CADA and the CACDC in an amount not to exceed \$2,108,000 (which among other things, was used to pay off the \$259,000 Revolving Line of Credit), and authorized budget amendments necessary to fund the loan; and

**WHEREAS**, On March 10, 2017, CADA assigned the PSA to the 1717 S Street Investors L.P. which immediately closed escrow and purchased the 1717 S Street Property; and

**WHEREAS**, On February 23, 2018, the CADA Board approved a permanent loan agreement, promissory note, and any necessary loan document between CADA and 1717 S Street Investors, L.P., in an amount not to exceed \$3,000,000 to provide project gap financing, and approved amending the loan agreement and promissory note between CADA and CACDC to increase the loan amount from \$2,108,000 to an amount not to exceed \$2,808,000.

**WHEREAS**, On August 21, 2020, the CADA Board authorized amending loan documents between CADA and 1717 S Street Investors LP to increase the loan amount from \$3,000,000 to an amount not to exceed \$3,300,000 to provide project gap financing.

**WHEREAS**, the 1717 S Street Investors, LP is set to close escrow on project financing by October 13, 2020 and upon receiving funding at escrow will reimburse the CACDC portion but not all of the predevelopment funds contributed to the development partnership and therefore will not allow the CACDC to repay its loan agreement and promissory note with CADA in full; and

**WHEREAS**, the 1717 S Street Investors, L.P. anticipates a cash flow shortfall during construction that may require each General Partner to advance up to \$500,000 to the Partnership and the CACDC is requesting to borrow funds for such an advance from CADA.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority that the Board of Directors hereby:

1. Authorizes the Executive Director to retire a previous loan agreement, deed of trust and promissory note between CADA and CACDC.
2. Authorizes the Executive Director to execute a new loan agreement and promissory note in the approximate amount of \$1,108,000, which equals the remaining balance on the retired loan plus a new line of credit in an amount not-to-exceed \$500,000.
3. Authorizes the Executive Director to amend the Fiscal Year (FY) 20/21 budget to allocate funding for the new 1717 S Street development loan.
4. Authorizes the Executive Director to do any and all things, and take any and all actions that may be necessary or advisable, in her discretion, in order to complete the transactions described herein.

ATTEST:

\_\_\_\_\_  
Jill Bagley-Azevedo  
Secretary to the Board of Directors

\_\_\_\_\_  
Ann Bailey, Chair



## **RESOLUTION NO. 20-04**

Adopted by the Capitol Area Community Development Corporation

October 2, 2020

**RESOLUTION AUTHORIZING THE CACDC PRESIDENT TO 1) RETIRE A PREVIOUS LOAN AGREEMENT AND PROMISSORY NOTE BETWEEN CADA AND CACDC; 2) EXECUTE A NEW LOAN AGREEMENT AND PROMISSORY NOTE WITH CADA IN THE AMOUNT OF \$1,108,000, AND AUTHORIZE THE DRAWDOWN OF FUNDS FROM THE NEW LOAN IN AN AMOUNT NOT-TO-EXCEED \$500,000 TO FUND PROJECT CONSTRUCTION EXPENSES; AND 3) EXECUTE A LOAN AGREEMENT AND PROMISSORY NOTE WITH THE 1717 S STREET PARTNERSHIP, LP TO LOAN AN AMOUNT NOT TO EXCEED \$500K TO THE 1717 S STREET PARTNERSHIP, LP.**

**WHEREAS**, on March 25, 2016, the Capitol Area Community Development Corporation (CACDC) approved a Revolving Line of Credit with the Capitol Area Development Authority (CADA) in the amount of \$259,000, to allow CACDC to pay property deposits and due diligence costs related to the property at 1717 S Street; and

**WHEREAS**, on December 9, 2016, the Capitol Area Community Development Corporation (CACDC) Board of Directors approved establishment of a partnership with CFY Development, known as 1717 S Street Investors, L.P., for the purpose of developing the property at 1717 S Street as a mixed-use, mixed-income multi-family development project; and

**WHEREAS**, On February 24, 2017 the CACDC Board authorized execution of an initial loan agreement and promissory note between CADA and the CACDC in an amount not to exceed \$2,108,000, and also authorized the drawdown of the CADA loan in order to repay the \$259,000 Revolving Line of Credit and provide the CACDC's funding contribution to 1717 S Street Partnership, LP for the property purchase and groundwater remediation; and

**WHEREAS**, on March 10, 2017, CADA assigned the Purchase and Sale Agreement to the 1717 S Street Investors, L.P., which immediately closed escrow on the Property, and the CACDC recorded a Deed of Trust against the Property to secure the CADA Loan to the CACDC; and

**WHEREAS**, On February 23, 2018, the CADA Board approved a permanent loan agreement, promissory note, and any necessary loan document between CADA and 1717 S Street Investors, L.P., in an amount not to exceed \$3,000,000 to provide project gap financing, and approved amending the loan agreement and promissory note between CADA and CACDC to increase the loan amount from \$2,108,000 to an amount not to exceed \$2,808,000.

**WHEREAS**, the CADA Board authorized amending loan documents between CADA and 1717 S Street Investors LP to increase the loan amount from \$3,000,000 to an amount not to exceed \$3,300,000 to provide project gap financing.

**WHEREAS**, the 1717 S Street Investors, LP is set to close escrow on project financing by October 13, 2020 and upon receiving funding at escrow will reimburse the CACDC portion but not all of the predevelopment funds contributed to the development partnership and therefore will not allow the CACDC to repay its loan agreement and promissory note with CADA in full; and

**WHEREAS**, the CACDC may need to contribute funds to the Partnership to address construction funding shortfalls for soft costs expenses, the CACDC is requesting a \$500,000 line of credit and loan from CADA.

**NOW, THEREFORE, BE IT RESOLVED**, that the CACDC Board of Directors hereby:

1. Authorizes the President to retire a previous loan agreement, deed of trust and promissory note between CADA and CACDC.
2. Authorizes the President to execute a new loan agreement and promissory note in the approximate amount of \$1,108,000, which equals the remaining balance on the retired loan plus a new line of credit in an amount not-to-exceed \$500,000.
3. Authorizes the President to authorize the drawdown of funds from the new loan in an amount not-to-exceed \$500,000 in order to loan the funds to 1717 S Street Investors, L.P. for project construction expenses.
4. Authorizes the President execute a loan agreement and promissory note with the 1717 S Street Partnership, LP in an amount not to exceed \$500,000 to 1717 S Street Partnership, L.P.
5. Authorizes the President to take any and all actions that may be necessary or advisable, in her discretion, in order to complete the transactions described herein.

ATTEST:

\_\_\_\_\_  
Ann Bailey, Chair

\_\_\_\_\_  
Jill Bagley-Azevedo  
Secretary to the Board of Directors