
PAYING AGENT AGREEMENT

By and between

BANK OF AMERICA, N.A.,
as Paying Agent and Bond Registrar

and

WATERMAN GARDENS PARTNERS 2, L.P.,
as Borrower

Relating to:

[\$ _____]
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO
MULTIFAMILY HOUSING REVENUE BONDS
(ARROWHEAD GROVE APARTMENTS PHASE II)
2019 SERIES A-1

and

[\$ _____]
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO
MULTIFAMILY HOUSING REVENUE BONDS
(ARROWHEAD GROVE APARTMENTS PHASE II)
2019 SERIES A-2

Dated as of [_____] , 2019

THIS PAYING AGENT AGREEMENT, dated as of [____], 2019, and any amendments or supplements hereto made in accordance herewith (collectively, this “Agreement”), is made by and between **BANK OF AMERICA, N.A.**, a national banking association duly organized and existing under and by virtue of the laws of United States of America (in its capacities as paying agent and/or bond registrar, the “Paying Agent”) and **WATERMAN GARDENS PARTNERS 2, L.P.**, a California limited partnership (the “Borrower”).

W I T N E S S E T H:

WHEREAS, Bank of America, N.A., as holder (the “Purchaser”) has agreed to purchase [\$____] principal amount of Housing Authority of the County of San Bernardino Multifamily Housing Revenue Bonds (Arrowhead Grove Apartments Phase II) 2019 Series A-1 and [\$____] principal amount of Housing Authority of the County of San Bernardino Multifamily Housing Revenue Bonds (Arrowhead Grove Apartments Phase II) 2019 Series A-2 (collectively, the “Bonds”) issued by the Housing Authority of the County of San Bernardino, a public body corporate and politic, duly organized and validly existing under the Constitution and the laws of the State of California (the “Issuer”) thereby funding a loan to the Borrower in a like amount (the “Loan”) pursuant to that certain Construction Disbursement Agreement, dated as of [____], 2019 (the “Loan Agreement”), between the Borrower and the Purchaser, as evidenced by that certain Promissory Note Secured by Deed of Trust (Construction Loan Converting to Perm Loan) (the “Note”), with additional terms set forth in that certain Construction and Permanent Leasehold Deed of Trust with Assignment of Leases and Rents, Security Agreement, and Fixture Filing (the “Deed of Trust”) and related documents securing the Loan (the “Related Documents” and together with the Deed of Trust, the Note and the Construction Disbursement Agreement, the “Loan Documents”);

WHEREAS, the Bonds are issued pursuant to a Master Pledge and Assignment, dated as of [____], 2019 (the “Pledge and Assignment”), among the Issuer, the Purchaser, in its capacity as agent for the Issuer (the “Agent”) and the Purchaser in its capacity as initial Holder of the Bonds (the “Holder”);

WHEREAS, the Borrower desires to appoint the Paying Agent as paying agent and bond registrar for the Bonds under the terms and conditions and in the manner hereinafter set forth; and

WHEREAS, the Paying Agent desires to accept appointment as paying agent and bond registrar for the Bonds under the terms and conditions and in the manner hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing, the Borrower and Paying Agent hereby agree as follows:

Section 1. Definitions. Any capitalized term used herein and not defined herein shall have the meaning set forth in the Pledge and Assignment or the Loan Documents, as applicable, unless the context shall clearly otherwise require.

Section 2. Acceptance of Responsibilities of Paying Agent. As set forth in the Pledge and Assignment, the Borrower hereby appoints the Paying Agent as paying agent and bond registrar for the Bonds. The Paying Agent hereby accepts such responsibilities and agrees to perform such services for and on behalf of the Borrower. The fees of the Paying Agent for the performance of such services shall be as set forth in Exhibit A attached hereto and hereby incorporated by reference into this Agreement and any amendments thereto as agreed upon by the Paying Agent.

Interest accruing on the principal balance of the Bonds shall be payable as set forth in the Note, and upon earlier demand in accordance with the Bonds or upon prepayment in accordance with the Bonds. In addition, after Conversion, payments of the monthly Replacement Reserve Deposit shall be due pursuant to the Replacement Reserve Agreement. If the Purchaser and the Paying Agent are not the same party, the Borrower shall promptly notify the Paying Agent of its receipt of any notice from the Purchaser delivered pursuant to the Bonds or the Note which would require a mandatory redemption of the Bonds (other than a mandatory scheduled prepayment) to be paid by the Borrower and shall give the Paying Agent at least five Business Day's prior written notice of the date such mandatory prepayment is to be made. No later than two Business Days prior to (i) any date on which an interest payment or mandatory scheduled prepayment is due under the Bonds and under the Pledge and Assignment from the Borrower to the Issuer or a Replacement Reserve Deposit is due under the Replacement Reserve Agreement or (ii) the Maturity Date of the Bonds, the Paying Agent shall request that the Borrower disburse such payments to the Paying Agent in accordance with the terms of the Pledge and Assignment and/or the Replacement Reserve Agreement. The Paying Agent shall pay or transfer such payments to or at the written direction of the Purchaser so that such payments are received by the Purchaser or its designee no later than the date on which such payments are due to the extent the Paying Agent receives such payments prior to the cut-off time of the Paying Agent for the payment or transfer of such payments on such date.

All payments of principal of, and interest on, the Bonds shall be payable by the Paying Agent in immediately available funds at the address of the Purchaser or any other registered owner of the Bonds (an "Owner") specified on the registration books of the Paying Agent on the date immediately prior to any Bond payment date (the "Record Date") in the Pledge and Assignment, or at such other place as the Purchaser or any other Owner, from time to time, in writing may require; provided, however, that any interest payment shall be made by wire transfer to the Purchaser or any other Owner of the Bonds at the risk and expense of the Purchaser or any other such Owner, if such Owner shall have requested in writing payment by such method and shall have provided the Paying Agent with an account number or other information necessary for such purposes at least 5 business days before the Record Date. Payments of principal and interest on the Bonds shall be made in any coin or currency of the United States of America as, at the respective times of such payments, shall be legal tender for the payment of public and private debts.

Section 3. Remittance of Funds to the Paying Agent. The Borrower agrees that it shall remit to the Paying Agent, not less than one Business Day prior to any interest or principal payment date for the Bonds, the Replacement Reserve Deposit due pursuant to the Replacement Reserve Agreement, moneys sufficient to pay the principal of, premium if any, and interest on the Bonds coming due on such date, together with any additional fees due and payable under the

Loan Documents specified by the Borrower in writing to the Paying Agent. The Borrower further agrees that it shall submit to Paying Agent no later than two Business Days prior to any date on which a Replacement Reserve Deposit is due under the Replacement Reserve Agreement written notification, upon which Paying Agent may conclusively rely, as to amounts to be deposited with Paying Agent for the Replacement Reserve Deposit.

Section 4. Use of Moneys Remitted to the Paying Agent; Funds and Accounts. Moneys remitted by the Borrower to the Paying Agent pursuant to Section 3 hereof, shall be held uninvested and used solely for the purpose of paying the principal of, premium if any, and interest on the Bonds and, to the extent applicable, additional fees due and payable under the Loan Documents specified by the Borrower in writing to the Paying Agent. The Paying Agent is authorized pursuant to this Agreement to establish and maintain such funds and accounts from time to time in connection with the Bonds as are necessary to effectuate the purposes of this Agreement.

Section 5. Form of Bonds. The Bonds shall be in the form and shall be dated in the manner set forth in the Pledge and Assignment. The Bonds shall be executed in the manner set forth in the Pledge and Assignment and the Bonds. Following execution by the Issuer, the Bonds shall be delivered to the Paying Agent and shall not be valid or obligatory for any purpose unless and until the Bonds have been duly authenticated by the Paying Agent by the execution of the certificate of authentication appearing on such Bonds. The certificate of authentication appearing on the Bonds shall be deemed to have been duly executed by the Paying Agent if manually signed by an authorized officer or signatory of the Paying Agent. Such authentication certificate of the Paying Agent, shall be conclusive evidence that the Bonds so registered or authenticated has been duly executed, registered, or authenticated and delivered. The Agent shall provide written instructions to the Paying Agent as to the delivery of Bonds authenticated by the Paying Agent.

Section 6. Transfer and Exchange of Bonds. Transfer and exchange of the Bonds is registerable on the books required to be maintained pursuant to Section 7 hereof upon the surrender of Bonds for cancellation and registration of transfer at the operations office of the Paying Agent in Concord, California, accompanied by a written instrument of transfer in form satisfactory to the Paying Agent duly executed by the Purchaser or any other Owner or by his attorney duly authorized in writing, provided, however, that the Paying Agent shall not be required to register the transfer of or exchange Bonds during the period between the Record Date and the next on which interest on the Bonds is due.

Whenever Bonds shall be surrendered for transfer, the Issuer shall execute and the Paying Agent shall authenticate and deliver new Bonds for a like aggregate principal amount and of the same tenor.

Section 7. Bond Register. The Paying Agent will keep or cause to be maintained, at its corporate trust office, sufficient books for the registration and registration of transfer of the Bonds, which shall be open to inspection by the Borrower or the Issuer, upon reasonable notice of inspection to the Paying Agent, during regular business hours, and, upon presentation for such purpose, the Paying Agent, under such reasonable regulations as it may prescribe, may register

the transfer or cause to be registered the transfer, on such books, of the Bonds as hereinbefore provided.

Section 8. Cancellation and Disposition of the Bonds. The Paying Agent as registrar and transfer agent for the Bonds shall cancel the Bonds when surrendered to it for registration of transfer, exchange, payment, or cancellation and shall dispose of cancelled Bonds in accordance with its policies.

Section 9. Successor Paying Agent. Subject to the Pledge and Assignment, any corporation or association into which the Paying Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust and agency business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Paying Agent hereunder and vested with all of the powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The Paying Agent shall be a trust company, national banking association or commercial bank with trust powers.

Section 10. Resignation and Removal of the Paying Agent. Subject to the Pledge and Assignment, the Paying Agent may resign upon thirty days written notice to the Issuer and the Borrower or may be removed at any time by the Borrower and a successor Paying Agent appointed by the Borrower; provided however, that the Paying Agent shall continue as Paying Agent for the purpose of paying the principal and redemption price of and interest on the Bonds until the designation of a successor as such Paying Agent.

Section 11. Notices. All notices and other communications provided for hereunder between the Paying Agent and the Borrower shall be in writing, shall be deemed given when received and, except as otherwise provided, shall be mailed by registered or certified mail, return receipt requested, or delivered and receipt thereof acknowledged to the addresses set forth in the Pledge and Assignment. All notices to the Paying Agent shall be sent to Bank of America, N.A., 2000 Clayton Road, Concord, California 94520, Mail Code: CA4-704-06-06, Attn: Loan Administration Manager. The Paying Agent and the Borrower may, by written notice given hereunder, designate any further or different addresses to which subsequent notices or other communications between the Paying Agent and the Borrower shall be sent. All notices or other communications from the Paying Agent or the Borrower to the Purchaser or any other Owner shall be in writing and mailed by first-class mail to the Purchaser or any other Owner at their addresses appearing on the registration books for the Bonds kept by the Paying Agent and shall be effective three days after the date of deposit in the mails, addressed as aforesaid.

Section 12. Termination and Counterparts. This Agreement shall terminate upon the payment of all of the principal of, premium if any, and interest on the Bonds. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 13. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall: (a) be ineffective in such jurisdiction

only to the extent of such prohibition, unenforceability or lack of authorization without affecting the validity, enforceability or legality of such provision in any other jurisdiction and (b) not affect the validity or enforceability of any of the remaining sections, subsections, paragraphs, clauses or provisions of this Agreement.

Section 14. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 15. Waiver of Jury Trial. IF AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PAYING AGENT AND THE BORROWER (a) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (b) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. EACH PARTY SEPARATELY GIVES THIS WAIVER OF RIGHT TO TRIAL BY JURY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

Section 16. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 17. Incorporation by Reference. The provisions of the Pledge and Assignment and the Bonds pertaining to the Paying Agent are incorporated herein by reference thereto, and the Paying Agent hereby agrees to be bound by and accepts the benefit of such provisions as if fully set forth herein, provided the Paying Agent assumes no duties other than as expressly set forth in this Agreement. To the extent that any provision of the Pledge and Assignment or the Bonds shall be inconsistent with the provisions of this Agreement, the provisions of the Pledge and Assignment or the Bonds shall control.

Section 18. Fees of Paying Agent. The Borrower agrees to pay the Paying Agent's annual fee pursuant to the fee schedule attached as Exhibit A to this Agreement and any reasonable fees and expenses in the event that the Paying Agent is required to take any extraordinary action pursuant to the provisions of this Agreement.

Section 19. Annual Reporting. Within thirty (30) days after receipt of the written request of the Issuer or the Borrower, the Paying Agent shall provide the Issuer the following information for the one-year period ending on the immediately preceding June 30 (the "Reporting Period"), if the Bonds were outstanding during any portion of such Reporting Period, such information as may be required for the Issuer and the Borrower to comply with California Government Code Section 8855(k), including but not limited to:

- (i) the principal amount of the Bonds outstanding at the beginning of the Reporting Period;
- (ii) the principal amount of the Bonds paid during the Reporting Period;

- (iii) the principal amount of the Bonds outstanding at the end of the Reporting Period;
- (iv) undisbursed Bond proceeds as of the beginning of the Reporting Period;
- (v) Bond proceeds disbursed to the Borrower during the Reporting Period; and
- (vi) undisbursed Bond proceeds at the end of the Reporting Period.

Section 20. Third Party Beneficiaries. Each of the Issuer and the Purchaser is intended to be and shall each be a third-party beneficiary of this Agreement.

Section 21. Miscellaneous.

(a) Under no circumstances shall the Paying Agent be obligated to make principal and/or interest payments or redemption price on the Bonds next due unless and until the Borrower or its agent has delivered to the Paying Agent, in immediately available funds, the full amount of principal and/or interest next due. In the event a principal and/or interest payment date for the Bonds is not a Business Day, the Paying Agent shall make the principal and/or interest payment on the following Business Day with the same effect as if it had been made on the date scheduled for such payment.

(b) At any time, the Paying Agent may apply to the Borrower for instructions and may consult with its own counsel or counsel for the Borrower with respect to any matter arising in connection with this Agreement and it shall not be liable for any action taken or omitted by it in good faith in accordance with such instructions or upon the advice or opinion of such counsel. The Paying Agent shall be protected in acting upon any paper or document believed by it in good faith to be genuine and to have been signed by the Purchaser, any other Owner, or the Borrower. The Paying Agent shall not be responsible, for any reason, for any action taken nor omitted to be taken by it in good faith or for anything whatever in connection with this Agreement or the Bonds except for its own gross negligence, willful misconduct or bad faith in the performance of any duty to be performed by the Paying Agent hereunder.

(c) To the extent permitted by applicable law and including from the revenues and funds pledged pursuant to the Pledge and Assignment and the Bonds, the Borrower will indemnify the Paying Agent and save it harmless from and against any and all actions or suits, whether groundless or otherwise, and from and against any and all losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising out of the agency relationship and the execution and performance by the Paying Agent of this Agreement where such Paying Agent has acted in good faith and with due diligence and without negligence. Such indemnity shall survive the satisfaction or discharge of this Agreement.

(d) The Paying Agent's duties under this Agreement are ministerial in nature. The Paying Agent shall have no duty or responsibility in the case of any default by the Borrower in the performance of any of its covenants herein or in the Bonds. The Paying Agent shall have no duty or obligation other than those specifically set forth herein and no implied duties or obligations shall be read into this Agreement against the Paying Agent. The Paying Agent shall have no duty to risk or advance its own funds in the performance of any of its duties hereunder.

The Paying Agent shall be protected in acting upon any notice, order, requisition, consent, request, certificate, order, opinion, or other paper or document deemed by it to be genuine and to have been sent or signed by the proper person or persons. The Paying Agent shall not be responsible for the correctness of any recital herein or in the Bonds or for the validity of the Bonds.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

PAYING AGENT

BANK OF AMERICA, N.A., as Paying Agent

By: _____
Name: ~~Rajasri Narayanan~~ Michael Petty
Title: Vice President

[Signatures continue on following page]

BORROWER:

WATERMAN GARDENS PARTNERS 2, L.P.,
a California limited partnership

By: WG Partners 2 MGP, LLC,
a California limited liability company,
its general partner

By: National Community Renaissance of
California, a California nonprofit
public benefit corporation, its sole
member/manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

[Signatures continue on following page]

EXHIBIT A
FEE SCHEDULE

Paying Agent

Acceptance: [\$_____]

Administration: [\$_____]

Legal Expenses: [\$_____]

Document comparison by Workshare 9.5 on Friday, July 5, 2019 4:07:56 PM

Input:	
Document 1 ID	interwovenSite://DMS-EAST/DMEAST/37939251/4
Description	#37939251v4<DMEAST> - Paying Agent Agreement - Arrowhead Grove Phase II - HACSB
Document 2 ID	C:\NRPortb\DMEAST\MAGRINIK\37939251_5.docx
Description	C:\NRPortb\DMEAST\MAGRINIK\37939251_5.docx
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	13
Deletions	13
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	26