WATERMAN GARDENS PARTNERS 2, L.P.

AMENDED AND RESTATED AGREEMENT

OF LIMITED PARTNERSHIP

Dated as of [_____, 2019]

TABLE OF CONTENTS

EXHIBITS

Exhibit A	Schedule of Partners
Exhibit B	Related Agreements
Exhibit C	Insurance Requirements
Exhibit D	Second Installment Payment Certificate
Exhibit E	Third Installment Payment Certificate
Exhibit F	Fourth Installment Payment Certificate
Exhibit G	[Reserved]
Exhibit H	Certificate of Achievement of Development Obligation Date
Exhibit I	Environmental Reports
Exhibit J	Initial Economic Projections
Exhibit K	Tax Credit Management Requirement
Exhibit L	Development Agreement
Exhibit M	Guaranty Agreement
Exhibit N	[Reserved]
Exhibit O	Partnership Management Agreement
Exhibit P	Right of First Refusal Agreement
Exhibit Q	Purchase Option Agreement

WATERMAN GARDENS PARTNERS 2, L.P.

This AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP is dated as of [_____, 2019], by and among WG PARTNERS 2 MGP, LLC, a California limited liability company, as Managing General Partner (the "Managing General Partner"); WATERMAN AFFORDABLE 3 LLC, a California limited liability company ("WA3"), as a Class A Limited Partner, WG 2 DGP LLC, a Massachusetts limited liability company ("WG2", and together with WA3, each a "Class A Limited Partner", and collectively, the "Class A Limited Partners"), as a Class A Limited Partner, BANK OF AMERICA, N.A., a national banking association, as Investor Limited Partner (the "Investor Limited Partner"); BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation, as Special Limited Partner (the "Special Limited Partner"); and SOUTHERN CALIFORNIA AFFORDABLE HOUSING CORPORATION, a California nonprofit public benefit corporation, as the Withdrawing Limited Partner (the "Withdrawing Limited Partner").

Preliminary Statement

The Partnership was formed as a limited partnership under the Uniform Act pursuant to an Agreement of Limited Partnership dated as of November 20, 2017, (the "Original Partnership Agreement") and a Certificate of Limited Partnership (the "Certificate") filed with the Office of the Secretary of State of the State of California (the "Filing Office") on November 20, 2017.

The purposes of this amendment to, and restatement of, the Original Partnership Agreement are to (i) admit the Class A Limited Partners, the Investor Limited Partner and the Special Limited Partner as Partners; (ii) provide for the withdrawal of the Withdrawing Limited Partner as Limited Partner; and (iii) to set out more fully the rights, obligations and duties of the Partners.

Now, therefore, it is agreed and certified, and the Original Partnership Agreement is hereby amended and restated in its entirety, as follows:

ARTICLE I

DEFINED TERMS

The defined terms used in this Agreement shall have the meanings specified below:

"Accountants" means up to and through the Third Installment, CohnReznick LLP or Novogradac & Company LLP, and following the Third Installment, CohnReznick LLP, Novogradac & Company LLP, or any other firm of certified public accountants as may be engaged by the General Partners with the Consent of the Investor Limited Partner.

"*Adjusted Aggregate Federal Low Income Tax Credit Amount*" means the product of (i) 99.99% and (ii) the aggregate amount of Federal Low Income Tax Credits that is determined by the Accountants, at Cost Certification, to be available to the Property (and is reflected in the final IRS Form(s) 8609 for the Property) for the entire Credit Period, as such amount may be

increased or decreased as a result of a subsequent determination by the Accountants, a Final Determination or a Recapture Event.

"Admission Date" means the date on which the Investor Limited Partner is admitted to the Partnership pursuant to Section 13.8.

"Adverse Consequences" means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys' fees and expenses actually paid, or reasonably expected to be paid, by the party suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any fees or other compensation to third parties reasonably required in connection with replacement of a General Partner.

"Affiliate" means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person. Affiliate of the Partnership or a General Partner does not include a Person who is a partner in a partnership or joint venture with the Partnership unless that Person is an Affiliate of the Partnership or General Partner without regard to such partnership or joint venture relationship.

"*After-Tax Basis*" means with respect to any payment to be received by a Person (or, in the case of a passthrough entity, the partners or members of such Person), the amount of such payment supplemented by a further payment or payments so that, after deducting from such payments the amount of all Taxes (net of any current credits, deductions or other tax benefits arising from the payment by such Person (or its partners or members) of any amount, including Taxes, for which the payment to be received is made) imposed currently on such Person by any Governmental Agency or other taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment received; *provided*, *however*, for the purposes of this definition, and for purposes of any payment to be made to a Person (or its partners or members) on an After-Tax Basis, it shall be assumed that federal, state and local taxes are payable at the actual marginal federal and state statutory income tax rate (taking into account the deductibility of state income taxes for federal income tax purposes) applicable to such Person.

"Agreement" means this Amended and Restated Agreement of Limited Partnership, as amended from time to time.

"Appraised Value" means, as of the Determination Date, the estimated fair market value of an asset determined by an Independent Appraiser in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraiser shall take into account the rent and occupancy restrictions affecting the Project which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a General Partner.

"Architect" means RRM Design Group, and its successors.

"*Asset Management Fee*" means an annual fee payable to the Special Limited Partner equal to $[5,000] per year, earned on an annual basis, beginning on the first day of the first month following Permanent Mortgage Commencement (with a pro-rata share of such fee earned for any partial calendar year) and increasing annually at a rate of [3]%. The Asset Management Fee is payable solely from available Cash Flow and Capital Transaction Proceeds as provided in Section 10.1A and 10.1B and shall accrue, without interest, until there is sufficient cash available to pay accrued Asset Management Fee as set forth in Section 10.1A and 10.1B.

"Assignment" shall mean any assignment, transfer or sale, and the words *"assign," "assignee"* and *"assignor"* shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.

"Authority" means the Housing Authority of the County of San Bernardino.

"*Authority Loan*" means that certain loan made by the Authority to the Partnership in the maximum aggregate principal amount of $[4,382,000], as evidenced by the Authority Note and secured by the Authority Mortgage.

"*Authority Loan Agreement*" means that certain Development Loan Agreement by and between the Authority and the Partnership, dated on or about the date hereof.

"*Authority Loan Documents*" means collectively, the Authority Loan Agreement, the Authority Note, the Authority Mortgage, the Authority Regulatory Agreement, and any and all other documents evidencing and securing the Authority Loan or otherwise entered into connection therewith.

"*Authority Mortgage*" means, collectively, (i) that certain Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (Authority Development Loan) entered into by the Partnership for the benefit of the Authority dated on or about the date hereof, and (ii) that certain Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (Authority Ground Lease Loan) entered into by the Partnership for the benefit of the Authority dated on or about the date hereof.

"*Authority Note*" means, collectively, (i) that certain Promissory Note (Authority Development Loan) dated on or about the date hereof by the Partnership for the benefit of the Authority in the original principal amount not to exceed $[3,412,000], and (ii) that certain Promissory Note (Authority Ground Lease Loan) dated on or about the date hereof by the Partnership for the benefit of the Authority in the original principal amount not to exceed $[970,000].

"*Authority Regulatory Agreement*" means that certain Regulatory Agreement and Declaration of Restrictive Covenants dated on or about the date hereof by and between the Authority and the Partnership.

"Bond Purchase Agreement" means that certain Bond Purchase Agreement by and between the Permanent Lender and the Construction Lender dated on or about the date hereof.

"Bonds" means, collectively, the $[_____] Housing Authority of the County of San Bernardino Multifamily Housing Revenue Bonds (Arrowhead Grove Apartments Phase II), 2019 Series A-1 and the $[_____] Housing Authority of the County of San Bernardino Multifamily Housing Revenue Bonds (Arrowhead Grove Apartments Phase II), 2019 Series A-2.

"Builder" means National Community Renaissance of California, and its successors.

"*Building" or "Buildings"* means any or all of the buildings to be located on the Land which, in the aggregate, will contain 184 dwelling units upon completion of construction.

"Capital Account" means, with respect to any Partner, the Capital Account maintained by the Partnership with respect to such Partner, consisting of (i) the amount of cash such Partner has contributed to the Partnership *plus* (ii) the fair market value of any property such Partner has contributed to the Partnership net of liabilities assumed by the Partnership or to which such property is subject *plus* (iii) the amount of profits and tax-exempt income allocated to such Partner *less* (iv) the amount of Losses allocated to such Partner *less* (v) the amount of all cash distributed to such Partner *less* (vi) the fair market value of any property distributed to such Partner net of liabilities assumed by such Partner or to which such property is subject *less* (vii) such Partner's share of any other expenditures which are not deductible by the Partnership for federal income tax purposes or which are not allowable as additions to the basis of Partnership property, and subject to such other adjustments as may be required under the Code.

"Capital Contribution" means the total amount of cash contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner in respect to the Partnership interest of such then Partner. The term "Capital Contribution" shall include any Special Capital Contribution.

"Capital Transaction" means any transaction the proceeds of which are not includable in determining Cash Flow, including without limitation the sale, refinancing or other disposition of all or substantially all of the assets of the Partnership, but excluding loans to the Partnership (other than a refinancing of any Mortgage Loan) and contributions of capital to the Partnership by the Partners.

"Cash Available for Debt Service Requirements" means, for any specified period of consecutive months beginning not earlier than the Completion Date, the excess of (i) all Cash Receipts during such period over (ii) all cash requirements of the Partnership properly allocable to such period of time on an accrual basis (not including distributions or fees to Partners payable solely out of Cash Flow of the Partnership) and, on an annualized basis, all projected expenditures, including those of a seasonal nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, as determined by the

Accountants but specifically excluding Debt Service Requirements. For purposes of this definition, (i) cash requirements of the Partnership shall include to the extent not otherwise covered above, full funding of reserves, normal repairs and necessary capital improvements and (ii) if free rent or other rental concessions shall have been granted to tenants, the calculation of rental revenues under clause (i) of the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which they apply.

"Cash Flow" means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.

"Cash Receipts" means with respect to a Fiscal Year or other applicable period, all rental revenue, rental subsidy payments, laundry income, parking revenue, and other incidental revenues which are received by the Partnership on a cash basis during such period and arise from normal operations of the Project but specifically excluding interest on Partnership reserves, proceeds from insurance (other than business or rental interruption insurance), loans, proceeds of a Capital Transaction or Capital Contributions. In addition, any amount released without restriction from any escrow account in a Fiscal Year shall be considered a cash receipt of the Partnership for such Fiscal Year. [Note – we are confirming with asset management whether requested change re payable amounts under the Subsidy Contract is acceptable]

"Certificate" means the certificate of limited partnership of the Partnership under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

"*Change in Law*" means a change in the Code or the treasury regulations issued thereunder that prevents the allocation of all or a portion of the Federal Low Income Tax Credits to the Investor Limited Partner.

"*City*" means the City of San Bernardino, a municipal corporation.

"*City Loan*" means that certain loan made by the City to the Partnership in the maximum aggregate principal amount of $[2,330,000], as evidenced by the City Note and secured by the City Mortgage.

"*City Loan Agreement*" means, collectively, (i) that certain NSP 1 Loan Agreement by and between the City and the Partnership, dated on or about the date hereof, and (ii) that certain HOME Investment Partnerships Act Loan Agreement by and between the City and the Partnership, dated on or about the date hereof.

"*City Loan Documents*" means collectively, the City Loan Agreement, the City Note, the City Mortgage, the City Regulatory Agreement, and any and all other documents evidencing and securing the City Loan or otherwise entered into connection therewith.

"*City Mortgage*" means, collectively, (i) that certain Leasehold Deed of Trust, Assignment of Leases and Rents, Fixture Filing, and Security Agreement; Request for Notice (Arrowhead Grove NSP 1 Loan), and that (ii) certain Leasehold Deed of Trust, Assignment of Leases and Rents, Fixture Filing and Security Agreement; Request for Notice (Arrowhead Grove

HOME Loan), each entered into by the Partnership for the benefit of the City dated on or about the date hereof.

"*City Note*" means, collectively, (i) that certain Promissory Note Secured by Deed of Trust (Arrowhead Grove NSP 1 Loan) dated on or about the date hereof by the Partnership for the benefit of the City in the original principal amount not to exceed $[1,500,000], and (ii) that certain Promissory Note Secured by Deed of Trust (Arrowhead Grove HOME Loan) dated on or about the date hereof by the Partnership for the benefit of the City in the original principal amount not to exceed $[830,000].

"*City Regulatory Agreement*" means that certain Regulatory Agreement dated on or about the date hereof by and between the City and the Partnership.

"*County*" means the County of San Bernardino, a political subdivision of the State of California.

"*County Loan*" means that certain loan made by the County to the Partnership in the maximum aggregate principal amount of $[2,900,000], as evidenced by the County Note and secured by the County Mortgage.

"*County Loan Agreement*" means that certain HOME Investment Partnerships Act Loan Agreement by and between the County and the Partnership, dated on or about the date hereof.

"*County Loan Documents*" means collectively, the County Loan Agreement, the County Note, the County Mortgage, the County Regulatory Agreement, and any and all other documents evidencing and securing the County Loan or otherwise entered into connection therewith.

"*County Mortgage*" means that certain Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing entered into by the Partnership for the benefit of the County dated on or about the date hereof.

"*County Note*" means that certain Promissory Note Secured by Deed of Trust dated on or about the date hereof by the Partnership for the benefit of the County in the original principal amount not to exceed $[2,900,000].

"*County Regulatory Agreement*" means that certain Regulatory Agreement and Declaration of Restrictive Covenants dated on or about the date hereof by and between the County and the Partnership.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

"Completion Date" means the latest of: (i) the date on which the Investor Limited Partner shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the Units in the Project as issued by each Governmental Agency having jurisdiction; *provided, however*, that if such certificates or permits are of a temporary nature, the *"Completion Date"* shall not be deemed to have occurred unless that work remaining to be done is of a nature which would not impair the permanent occupancy of any of such Units; (ii) the date as of which

the Construction Inspector certifies that the work to be performed by the Builder under the Construction Contract is substantially complete, subject only to punch list items not in excess of $150,000 in the aggregate, and that such work has been performed in a good and workmanlike manner in accordance with applicable requirements of all Governmental Agencies having jurisdiction over the Project and the Construction Documents; (iii) the Builder has delivered a lien waiver with respect to work performed and/or materials supplied through the Completion Date and for which it has been paid to date, and (iv) environmental remediation of the Property, if any, has been completed in accordance with the requirements of any Governmental Agencies having jurisdiction over the Project. Any representation by any General Partner under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property; *provided*, *however*, that in the event that the Investor Limited Partner does not make such physical inspection of the Property within fifteen (15) business days after having received any such General Partner's representation, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Compliance Period" means the entire period during which the "compliance period" described in Section 42(i)(1) of the Code shall be applicable to any Building.

"*Condemnation Awards*" means any and all judgments, awards of damages (including severance and consequential damages), payments, proceeds, settlements, amounts paid for a taking in lieu of condemnation of the Property, or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, or in connection with, any condemnation or threatened condemnation of the Property.

"Consent of the Investor Limited Partner" means the prior written consent or approval of the Investor Limited Partner, or, if at any time there is more than one Investor Limited Partner, the prior written consent or approval of at least 51% in interest of the Investor Limited Partners. Unless otherwise provided in this Agreement, the Consent of the Investor Limited Partner may be granted or withheld in the Investor Limited Partner's sole and absolute discretion.

"Construction Contract" means the construction contract between the Partnership and the Builder providing for the construction of the Improvements, as amended from time to time. The Construction Contract must provide a guaranteed maximum price, with 100% payment and performance bonds with respect to the Builder and all subcontractors, in form and substance acceptable to the Investor Limited Partner.

"*Construction Documents*" means the Construction Contract, including, without limitation, the general conditions, project manual (including general requirements and technical specifications, drawings or sketches), the Plans and Specifications, and any addenda thereto, together with all trade contracts pursuant to which construction of the Improvements will be accomplished.

"Construction Inspector" means the Person performing construction review services for the Construction Lender, or such other Person designated from time to time by the Investor Limited Partner. At any time that the Construction Lender is the Investor Limited Partner or an

Affiliate thereof, then the Construction Inspector will be the Person designated by the Construction Lender to perform the acts described in the preceding sentence.

"Construction Lender" means Bank of America, N.A. as maker of the Construction Loan, together with its successors and assigns in such capacity.

"Construction Loan" means the construction loan in the aggregate amount of up to $[_____] made by the Construction Lender to the Partnership, which loan has an initial term of [_____] months [with one ____ month extension option] and bears interest at a variable rate of LIBOR plus [_____]%.

"Construction Loan Agreement" means the agreement by and between the Construction Lender and the Partnership which sets forth the terms and conditions upon which the Construction Loan is being made to the Partnership.

"*Construction Loan Documents*" means the Construction Loan Agreement, Construction Loan Mortgage, Construction Loan Note, and all other documents evidencing and securing the Construction Loan, the Bonds, or otherwise entered into connection therewith.

"*Construction Loan Mortgage*" means the first-priority mortgage securing the obligations of the Partnership under the Construction Loan Note.

"*Construction Loan Note*" means, collectively, (i) the promissory note in the original principal amount of $[_____], and (ii) the promissory note in the original principal amount of $[_____], each executed by the Partnership in favor of the Construction Lender as evidence of its obligation to repay the Construction Loan.

"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.

"Conversion Date" means the date that Permanent Lender purchases a portion of the Bonds pursuant to the Bond Purchase Agreement and the balance of the Bonds are repaid.

"Cost Certification" means the submission to, and acceptance by, the Credit Agency of a certified audit by the Accountants of the Partnership's development and related costs for purposes of establishing the amount of Federal Low Income Tax Credits available to the Project. A draft of the audit described in the preceding sentence shall be submitted to the Investor Limited Partner for approval prior to submission to the Credit Agency.

"Credit Agency" means the California Tax Credit Allocation Committee.

"Credit Approval" means the written determinations to be issued pursuant to Sections 42(m)(1)(D) and 42(m)(2)(D) of the Code approving Tax Credits for the Project in an amount of not less than $[_____].

"Credit Period" means the entire period during which the "credit period" described in Section 42(f)(1) shall be applicable to any Building.

"Debt Service Coverage Ratio" means, for any specified period of consecutive calendar months beginning not earlier than the Completion Date, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Partnership of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); *provided*, *however*, that (i) no objection by the Investor Limited Partner to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the General Partners are notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Limited Partner does not make such physical inspection of the Property within fifteen (15) business days after having received the Accountants' determination letter, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Debt Service Requirements" means, for any specified period of consecutive calendar months beginning not earlier than the Completion Date, all mandatory debt service, mortgage insurance premium and/or other cash requirements imposed by the Mortgage Loan Documents or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants.

"Deferred Development Fee" has the meaning attributed thereto in the Development Agreement.

"Designated Prime Rate" means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the *Wall Street Journal* (or any comparable publication selected by the Investor Limited Partner in its reasonable discretion if the *Wall Street Journal* ceases to publish such index), with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate permitted by law in the applicable context.

"Designated Proceeds" means the proceeds of the Mortgage Loans, any net rental or other miscellaneous income of the Partnership as of the Completion Date (to the extent not otherwise covered by this Designated Proceeds definition) which is permitted by any applicable Lender or Governmental Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the General Partners in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.

"Determination Date" means the last day of the month preceding the month in which the Removal Notice Date occurs.

"Developer" means National Community Renaissance of California, a California nonprofit public benefit corporation.

"Development Advances" has the meaning set forth in Section 6.7.

"Development Agreement" means the Development Agreement of even date herewith between the Partnership and the Developer, as amended.

"Development Amount" has the meaning attributed thereto in the Development Agreement.

"Development Costs" means all costs (including the Development Amount net of the Deferred Development Fee) incurred to (i) acquire the Land, (ii) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's or similar liens, and equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (iii) arrive at Final Closing in substantial conformity with the Project Documents, (iv) discharge all Partnership liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (v) pay or provide for all other payments, expenses, escrows or reserves required by this Agreement or by any Lender, Governmental Agency or Partnership creditor to be made, incurred or funded through the Development Obligation Date (other than Operating Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (vi) pay all Environmental Compliance Costs and all costs associated with the performance of any radon remediation activities which may be required pursuant to Section 12.1G.

"Development Obligation Date" means the latest to occur of (i) three (3) consecutive calendar months of not less than 90% occupancy of the Units, (ii) the Completion Date, (iii) the Initial Occupancy Date, (iv) Final Closing, and (v) delivery of the Certificate of Achievement of Development Obligation Date in the form attached to **Exhibit H**.

"*Dignity Health*" means Dignity Health, a California nonprofit public benefit corporation (formerly known as Catholic Healthcare West).

"Dignity Health Collateral Assignment" means that certain Collateral Assignment of Note and Deed of Trust by Sponsor to and for the benefit of Dignity Health, granting a collateral assignment of the Sponsor Dignity Health Note and the Sponsor Dignity Health Mortgage as collateral for the Dignity Health Loan.

"*Dignity Health Loan*" means a loan from Dignity Health to Sponsor in the maximum aggregate principal amount of $[1,200,000].

"Dignity Health Loan Agreement" means that certain Loan and Security Agreement dated as of [_____, 2019], by and between Dignity Health and Sponsor.

"Disqualifying Event" means a material event or circumstance relating to the Partnership or Project which, unless cured, would give rise to a "flag" affecting Bank of America, N.A. or its

Affiliates under the HUD previous participation certification system or any comparable previous participation qualification system maintained by any other jurisdiction and which would adversely impact the ability of Bank of America, N.A. or its Affiliates to participate in properties utilizing federal, state or local subsidized housing programs. Without limitation of the foregoing, if the Partnership shall be subject to regulation by HUD, the determination by HUD that the Project has failed to satisfy HUD's minimum standards for physical condition (under current practice, receipt of a HUD REAC inspection score of under 31) and other conditions under which a flag could be placed on the Project pursuant to HUD Notice H-2011-24, issued September 13, 2011, shall be deemed an event described in the preceding sentence.

"Document Schedule" means the Related Agreements identified in **Exhibit B**.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2.

"Election Notice" has the meaning given to it in Section 5.3B.

"Eligible Basis" has the meaning set forth in Section 42(d) of the Code and the Treasury Regulations thereunder.

"Entity" means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Environmental Compliance Costs" means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.

"Environmental Reports" means the environmental reports listed in **Exhibit I**.

"Event of Bankruptcy" means, as to a specified Person:

(a) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(b) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing; or

(c) in the case of a Person who is a General Partner, the voluntary withdrawal of such Person as a General Partner in violation of the terms of this Agreement.

"Expense Reimbursement Contribution" means a Special Capital Contribution in the amount of the actual legal and other professional costs of the Investor Limited Partner incurred in connection with the Investor Limited Partner's admission to the Partnership, in an amount up to $86,250. The Investor Limited Partner will make the Expense Reimbursement Contribution concurrent with the payment of the First Installment of its Capital Contribution. The proceeds of the Expense Reimbursement Contribution will be immediately disbursed by the Partnership to pay or to reimburse such expenses of the Investor Limited Partner.

"Extended Use Agreement" means the agreement required to be entered into between the Credit Agency and the Partnership respecting long-term use restrictions and satisfying all of the requirements of Section 42(h)(6) of the Code.

"Federal Low Income Tax Credits" means the tax credits for which the Project is eligible under Section 42 of the Code.

"*Fifty Percent Test Qualification*" means the date on which the Special Limited Partner receives an agreed upon procedures letter from the Accountants concluding that, for purposes of Section 42(h)(4) of the Code, not less than fifty percent (50%) of the aggregate basis of each Building and the Land was financed with the proceeds of an obligation, the interest on which is exempt from tax under Section 103 and 142 of the Code.

"Final Closing" means the date upon which all of the following events have occurred: (i) the Completion Date and receipt of the final (non-temporary) certificates of occupancy permitting occupancy of 100% of the Units in the Project, (ii) Permanent Mortgage Commencement, (iii) the Project's being free of any mechanics' or other liens (except for the Mortgages and liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Partnership for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Partnership for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Partnership by a reputable title insurance company in an amount satisfactory to Investor Tax Counsel (or by an endorsement of either such title policy)), (iv) a draft Cost Certification has been prepared by the Accountants and provided to the Investor Limited Partner for review, (v) the disbursement of proceeds under the Mortgage Loans has been made in the full amount permitted by such Cost Certification, (vi) delivery to the Investor Limited Partner of permanent Mortgage Loan Documents in form and substance reasonably acceptable to the Investor Limited Partner (to the extent not previously delivered in connection with Investment Closing), (vii) all amounts due in connection with the construction of the Project have been paid or provided for, including payment of all expenses associated with completing any punch list items outstanding as of the Completion Date, (viii) the date of delivery to the Investor Limited Partner of an ALTA "as-built" survey sufficient to allow delivery of a date-down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A(viii); (ix) delivery of a date-down endorsement without a survey exception and a new zoning endorsement that insures against losses to improved property (ALTA Form 3.1 or

comparable state-specific form), and (x) the full funding of any reserves required under the Mortgage Loan Documents and this Agreement.

"Final Determination" means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Partnership with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Partnership has expired.

"*Final Tax Credit Amount*" means the amount of Federal Low Income Tax Credits determined by the Accountants promptly following the receipt of Form 8609 with respect to the Project and prior to the Fourth Installment based on all information available at such time including, but not limited to, the Cost Certification prepared by the Accountants in connection with obtaining Form 8609.

"First Full Credit Year" means the first calendar year with respect to which the Partnership actually receives the full (twelve-month) amount of Federal Low Income Tax Credits then reasonably anticipated with respect to all Buildings constituting the Project.

"Fiscal Year" means the twelve-month period which begins on the first day of January 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).

"Forms 8609 Receipt Date" means the date on which the Partnership has received properly executed IRS Form 8609 with respect to the Buildings constituting the Project and delivered copies thereof to the Investor Limited Partner.

"General Partners" means, initially, WG Partners 2 MGP, LLC, a California limited liability company, and any Person who becomes a General Partner as provided herein. If at any time the Partnership shall have a sole General Partner, the term "General Partners" shall be construed as singular.

"Governmental Agency" means, as applicable, singularly or collectively, HUD, HCD, the Authority, the Credit Agency, and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

"Ground Lease" means, collectively, that certain Ground Lease Agreement by and between the Authority, as landlord, and the Partnership, as tenant, dated on or about the date hereof, and that certain Development Agreement dated February 18, 2018 between the City and the Authority as partially assumed by the Partnership on or about the date hereof, and all other documents executed in connection therewith, including, without limitation, that certain California Tax Credit Allocation Committee Lease Rider Agreement.

"Guarantor" means National Community Renaissance of California, a California nonprofit public benefit corporation.

"Guaranty Agreement" means the guaranty of even date herewith, made by the Guarantor in favor of the Investor Limited Partner.

"*HAP Event*" means a withholding, termination, delay in funding or decrease in funding by HUD of the payments due under the Subsidy Contract, or both, as the result of a withholding, termination, or delay in the HUD appropriations, allotment, or budget process.

"*Hazardous Material"* means and includes any pollutant or contaminant or any hazardous, toxic or radioactive waste, substance or material, including without limitation those listed in or regulated under any Hazardous Waste Laws, polychlorinated biphenyls, petroleum, petroleum-based or petroleum-derived products, mold, and asbestos or asbestos-containing materials, except, in each instance, for ordinary and necessary quantities of office supplies, cleaning materials and pest control supplies used or consumed in the normal course of developing, operating, or occupying a residential project, and petroleum or gasoline in motor vehicles and/or equipment stored or located at the Project, in any event which are stored, managed, used and disposed of in compliance with applicable Hazardous Waste Laws.

"Hazardous Waste Laws" means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

"HCD" means the California Department of Housing and Community Development.

"*HCD Loan*" means that certain loan to be made by HCD to the Partnership in the maximum aggregate principal amount of $[17,422,714], to be evidenced by the HCD Note and secured by the HCD Mortgage.

"*HCD Loan Agreement*" means that certain Standard Agreement by and between HCD and the Partnership dated on or about the date hereof.

"*HCD Loan Documents*" means collectively, the HCD Loan Agreement, the HCD Note, the HCD Mortgage, the HCD Regulatory Agreement, and any and all other documents evidencing and securing the HCD Loan or otherwise entered into connection therewith.

"*HCD Mortgage*" means that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing to be entered into by the Partnership for the benefit of HCD upon the closing of the HCD Loan.

"*HCD Note*" means that certain Promissory Note Secured by Deed of Trust to be executed by the Partnership for the benefit of HCD in the original principal amount not to exceed $[17,422,714].

"*HCD Regulatory Agreement*" means that certain Regulatory Agreement to be executed by and between HCD and the Partnership.

"HUD" means the Department of Housing and Urban Development of the United States of America and its successors.

"Improvements" means the Buildings and any related facilities to be constructed in accordance with the Project Documents.

"Independent Appraiser" means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Partnership, which is mutually acceptable to the General Partners and the Special Limited Partner and which satisfies the following criteria:

(a) such firm is not a Partner, or an Affiliate of the Partnership or any Partner;

(b) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(c) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;

(d) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and

(e) such firm renders an appraisal to the Partnership only after entering into a contract that specifies the compensation payable for such appraisal.

"Initial Economic Projections" means the economic projections for the Project attached as **Exhibit J**.

"Initial Occupancy Date" shall mean the first date upon which not less than 100% of the Low Income Units in the Project are occupied by Qualified Tenants at least one time under bona fide written leases satisfying the requirements of Section 42 of the Code with terms of not less than one year. The achievement of the Initial Occupancy Date shall be confirmed by the Management Agent and certified by the General Partner with a copy of such confirmation and certification, together with the rent roll and Tenant Income Certifications for each of the Qualified Tenants, forwarded to the Special Limited Partner. The Initial Occupancy Date will be deemed to have been achieved upon written acknowledgment of such confirmation to the Partnership from the Special Limited Partner. The Special Limited Partner shall have seven (7) Business Days after receipt of the written confirmation from the Manager and General Partner to acknowledge or object to the achievement of the Initial Occupancy Date, and the failure to acknowledge or object to the calculation with such seven (7)-Business Day period shall be deemed to be an acceptance of the calculation by the Special Limited Partner. All objections

must be commercially reasonable, and shall be delivered in writing to the General Partner, who shall have a reasonable time to cure such objections to the calculations received from the Special Limited Partner.

"Installment" means any Installment of the Capital Contributions of the Investor Limited Partner referred to in Section 5.1.

"Insurance Proceeds" means the insurance claims under and the proceeds of any and all policies of insurance covering the Property or any part thereof, including all returned and unearned premiums with respect to any insurance relating to such Property, in each case whether now or hereafter existing or arising.

"Interest", or words of like import, shall mean all the interest of a Partner in Cash Flow and other distributions, capital, Profits and Losses, Tax Credits, and otherwise in the Partnership, including all allocations and distributions and all rights under this Agreement, and also shall include such interests and rights of such Partner in any successor Entity formed pursuant to this Agreement.

"Investment Closing" means the date on which this Agreement is delivered by all of the parties hereto.

"Investor Limited Partner" means, initially, Bank of America, N.A., and shall include any other Persons admitted as an Investor Limited Partner pursuant to Section 4.6 or admitted as a Substitute Limited Partner pursuant to Section 8.2, and their respective successors in such capacity.

"Investor Tax Counsel" means Buchalter, A Professional Corporation out of Los Angeles, California, or other counsel acceptable to the Investor Limited Partner.

"Land" means the parcels of land, subject to the Ground Lease, on which the Improvements are located in San Bernardino, California, as described in Schedule A of the Title Policy.

"Lender" means any lender under any Mortgage Loan together with its respective successors and assigns in such capacity.

"Limited Partner" or *"Limited Partners"* mean any or all of those Persons designated as Limited Partners in the Schedule, any Person admitted as a Limited Partner pursuant to Section 4.6, or any Person who becomes a Substitute Limited Partner as provided herein, in each such Person's capacity as a Limited Partner of the Partnership. Such terms shall include the Special Limited Partner, the Investor Limited Partner and any Persons who may succeed to the Interests of such Limited Partners.

"Low Income Unit" means any of the 147 Units in the Project which are to be held for occupancy by the Partnership in such manner as to qualify such units as qualified low-income housing units under Section 42(i)(3) of the Code.

"Management Agent" means National Community Renaissance of California, a California nonprofit public benefit corporation, or any successor thereto engaged by the General Partners as the management agent for the Project with the Consent of the Investor Limited Partner.

"Management Agreement" means the management contract or agreement by and between the Partnership and the Management Agent which has received all Requisite Approvals.

"Management Fee" means the amount payable from time to time by the Partnership to the Management Agent for management services in accordance with the Management Agreement which shall be subject to any Requisite Approvals.

"Managing General Partner" means any Managing General Partner designated as provided in Section 6.3B.

"Material Default" has the meaning set forth in Section 7.7B.

"Mortgage" means any mortgage indebtedness of the Partnership evidenced by any Note and secured by any mortgage on the Property from the Partnership to any Lender; and, where the context admits, "Mortgage" shall mean and include any of the mortgages securing said indebtedness and any other documents pertaining to said indebtedness which were required by the Lender as a condition to making such Mortgage Loan. In case any Mortgage is replaced by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages. The term "mortgage" means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and "foreclose" and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

"Mortgage Loan" means the Construction Loan, the Permanent Loan, the City Loan, the County Loan, the Authority Loan, the HCD Loan, and the Sponsor Dignity Health Loan.

"Mortgage Loan Commitments" means and includes the commitment of (i) the Construction Lender to make the Construction Loan of up to $[_____], (ii) the Permanent Lender to make the Permanent Loan of up to $[19,909,000], (iii) the City to make the City Loan of up to $[2,330,000], (iv) the County to make the County Loan of up to $[2,900,000], (v) the Authority to make the Authority Loan of up to $[4,382,000], (vi) HCD to make the HCD Loan of up to $[17,422,714], and (vii) the Sponsor to make the Sponsor Dignity Health Loan of up to $[1,200,000].

"Mortgage Loan Documents" means the loan agreements, Notes, Mortgages and other documents evidencing and securing any Mortgage Loan or otherwise entered into connection therewith, including without limitation, the Construction Loan Documents, the Permanent Loan documents, the City Loan Documents, the County Loan Documents, the Authority Loan Documents, the HCD Loan Documents, and the Sponsor Dignity Health Loan Documents.

"Net Capital Contribution" means $[25,018,036].

"*Net Proceeds*" means, when used with respect to any Condemnation Awards or Insurance Proceeds, the gross proceeds from any condemnation or casualty of the Property

remaining after payment of all expenses, including reasonable attorneys' fees, incurred in the collection of such gross proceeds.

"Note" means and includes any promissory note from the Partnership to a Lender evidencing a Mortgage Loan, and shall also mean and include any note supplemental to said original note issued to a Lender or any note issued to a Lender in substitution for any such original note.

"Operating Deficit" means the amount by which Operating Expenses exceed Cash Receipts.

"Operating Expense Loan" means a loan to the Partnership pursuant to Section 6.8A which is repayable without interest and only as provided in Article X.

"Operating Expenses" means (i) up to and including the Development Obligation Date, those expenses, properly accruable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to Units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real estate taxes (taking into account any available welfare exemption) and debt service and mortgage insurance premiums, if any, with respect to the Mortgage Loans (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without limitation, taxes (taking into account any available welfare exemption), capital improvements reasonably deemed necessary by the General Partners and not funded out of any reserves for such, mortgage and bond insurance premiums, if any, and the cost of operations, mandatory debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Governmental Agency or pursuant to this Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.8A or (ii) distributions or payments to Partners pursuant to Article X.

"Operating Reserve" means the operating reserve described in Section 6.11B.

"Partner" means any General Partner or Limited Partner.

"Partner Nonrecourse Debt" means any Partnership liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 *or* for which the creditor's right to repayment is limited to one or more assets of the Partnership *and* (ii) for which any Partner or Related Person bears the Economic Risk of Loss.

"Partner Nonrecourse Debt Minimum Gain" means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(i)(2) and (i)(3) and 1.704-2(k).

"Partnership" means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted.

"Partnership Counsel" means Klein Hornig LLP of Washington, DC, or such other counsel as the General Partners may designate from time to time as counsel for the Partnership.

"*Partnership Management Agreement"* means the Partnership Management Agreement between the Partnership and the Managing General Partner pursuant to which the Managing General Partner is to provide certain management services to the Partnership.

"Partnership Management Fee" means an annual fee payable to the General Partner equal to $[45,000] per year, earned on an annual basis, beginning on the first day of the first month following Permanent Mortgage Commencement (with a pro-rata share of such fee earned for any partial calendar year) and increasing annually at a rate of 3%. The Partnership Management Fee is payable solely from available Cash Flow and Capital Transaction Proceeds as provided in the Partnership Management Agreement and Section 10.1A and 10.1B hereof, and shall accrue, without interest, until there is sufficient cash available to pay accrued Partnership Management Fee as set forth in Section 10.1A and 10.1B hereof.

"Partnership Minimum Gain" means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

"Partnership Nonrecourse Liability" means any Partnership liability (or portion thereof) for which no Partner or Related Person bears the Economic Risk of Loss.

"Payment Certificate" has the meaning given it in Section 5.1B(i).

"*Percentage Interest*" means the percentage of each Partner's ownership interest in the Partnership, as set forth on **Exhibit A**.

"Permanent Lender" means JPMorgan Chase Bank, N.A., a national banking association.

"Permanent Loan" means an anticipated permanent loan in the maximum principal amount of $[19,909,000] to be made by the Permanent Lender to the Partnership upon the satisfaction of all conditions set forth in the Bond Purchase Agreement.

"*Permanent Loan Documents*" means the Bond Purchase Agreement, all Assigned Loan Documents (as defined in the Bond Purchase Agreement), that certain Permanent Period Loan Agreement dated on or about the date hereof between Permanent Lender and the Partnership, that certain Replacement Reserve Agreement dated on or about the date hereof between Permanent Lender and the Partnership, and all other documents evidencing and securing the Permanent Loan or otherwise entered into connection therewith.

"Permanent Mortgage Commencement" means the latest to occur of: (i) the Conversion Date, (ii) termination of any construction phase guarantees granted in connection with any Mortgage Loan, (iii) full disbursement of the principal amount of all Mortgage Loans, and (iv) commencement of monthly amortization of principal and interest under the Mortgage Loan Documents (to the extent the Mortgage Loan Documents provide for principal amortization).

"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"*Plans and Specifications*" means the plans and specifications for the construction of the Property approved by the Construction Lender, the Credit Agency, and the Special Limited Partner, including, without limitation, specifications for materials, and all amendments and modifications thereof, as the same may from time to time be amended with the prior written approval of the Special Limited Partner, *provided*, *however*, if the Construction Lender is the Investor Limited Partner or an Affiliate thereof, no such approval by the Special Limited Partner will be required if such changes are approved by the Construction Lender.

"Profits and Losses" have the meanings set forth in Section 10.3F.

"Project" or *"Property"* means the Land and the Improvements.

"Project Documents" means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Tax Credit Application, the Credit Approval, the Extended Use Agreement, the Ground Lease, the Development Agreement, any Regulatory Agreement, the Management Agreement, the Mortgage Loan Commitments, the Subsidy Commitment, the Subsidy Contract, and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

"*Projected Aggregate Federal Low Income Tax Credit Amount*" means $[25,018,036] which is the product of (i) 99.99% and (ii) the aggregate amount of Federal Low Income Tax Credits expected to be available to the Property during the Credit Period. If, following any determination or redetermination of the Adjusted Aggregate Federal Low Income Tax Credit Amount pursuant to Section 5.2, such amount is different than the Projected Aggregate Federal Low Income Tax Credit Amount, then, for purposes of any subsequent application of Section 5.2, the term "Projected Aggregate Federal Low Income Tax Credit Amount" shall mean the Adjusted Aggregate Federal Low Income Tax Credit Amount, provided that any required adjustment(s), payment(s) or Tax Credit Shortfall Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

"Purchase Option Agreement" means the Purchase Option Agreement of even date herewith between the Partnership and the Authority.

"Qualified Income Offset Item" means (i) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Partnership of unrealized

receivables or inventory items and (ii) a distribution that, as of the end of such year, reasonably is expected to be made to a Partner to the extent it exceeds offsetting increases to such Partner's Capital Account which reasonably are expected to occur during or prior to the Taxable Year in which such distribution reasonably is expected to occur.

"Qualified Tenant" means a tenant (i) with income at initial occupancy not exceeding the percentage of area gross median income set forth in Section 42(g)(1)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

"*RAD*" means the Rental Assistance Demonstration Program.

"*RAD Delayed Conversion Agreement"* means the RAD Delayed Conversion Agreement entered into between the Partnership and the Authority, to which is attached an unexecuted copy of the RAD HAP Contract.

"*RAD HAP Contract*" means the RAD HAP Contract entered into between the Partnership and the Authority, together with all schedules, exhibits, and riders thereto, pursuant to which Subsidies are being provided by the Authority for 116 Units at the Project.

"*RAD Requirements*" means the following: (i) the Consolidated and Further Continuing Appropriations Acts of 2012 and 2013 as applicable to the RAD program, (ii) all applicable statutes and any regulations issued by HUD for the RAD program, as they become effective, and (iii) all current requirements in HUD handbooks and guides, notices (including but not limited to, Notice PIH 2012-32 (HA), REV-3, as it may be amended from time to time) and Mortgagee letters for the RAD program, and all future updates, changes and amendments thereto, as they become effective, (iv) RAD Conversion Commitment, as amended, executed by HUD, the Partnership, and the Authority, (v) RAD Use Agreement, and (vi) RAD HAP Contract.

"*RAD Use Agreement*" means the Rental Assistance Demonstration Use Agreement entered into between the Partnership, HUD, and the Authority

"*Recapture Event*" means an event, as 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 Tax Credits and/or which results in a disallowance of any Tax Credits previously claimed by the Partnership.

"Regulations" means the rules and regulations of any Governmental Agency which are applicable to the Project or the Partnership, including the Treasury Regulations.

"Regulatory Agreement" means any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered or to be entered into between or by the Partnership and/or for the benefit of any Lender or Governmental Agency with respect to the Project, as amended from time to time.

"Related Agreements" means each agreement, document and certificate referred to in the Document Schedule.

"Related Person" has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

"Removal Notice" shall have the meaning set forth in Section 7.7.

"Removal Notice Date" shall have the meaning set forth in Section 7.7.

"Requisite Approvals" means any required approvals of the Lender and each Governmental Agency to an action proposed to be taken by the Partnership.

"Retirement" (including the forms *"Retire"* and *"Retired"*) means, as to a General Partner, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Partnership for any reason. Involuntary withdrawal shall occur whenever a General Partner may no longer continue as a General Partner by law, death, incapacity or pursuant to any terms of this Agreement. A General Partner which is an Entity (an "Entity General Partner") also will be deemed to have Retired upon the sale or other disposition of a controlling interest in such Entity General Partner. Without limitation of the foregoing, any of the foregoing events occurring as to an individual or Entity which directly or indirectly holds a controlling interest in an Entity General Partner shall also be deemed to constitute the Retirement of any such Entity General Partner. For purposes of this definition, "controlling interest" shall mean the power to direct the management and policies of such Entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Revised Economic Projections" means the economic projections calculated immediately prior to payment of the Fourth Installment using the same assumptions and methodology as the Initial Economic Projections, revised to reflect the actual construction costs and available Federal Low Income Tax Credits at such time and taking into account all other changes from the Initial Economic Projections which affect the amount and timing of benefits, including the month the Project is placed into service for purposes of Section 42 of the Code, the actual rate of lease-up for the Low Income Units, and the actual operating history of the Project.

"Right of First Refusal Agreement" means the Right of First Refusal Agreement of even date herewith between the Partnership and the Authority.

"Schedule" means the Schedule of Partners annexed hereto as **Exhibit A** as amended from time to time and as so amended at the time of reference thereto.

"Service" or "*IRS*" means the Internal Revenue Service.

"Seventy-Five Percent Completion Date" means the date as of which the Construction Inspector certifies that the work to be performed by the Builder under the Construction Contract is seventy-five percent (75%) complete (based on the ratio of the cost of completed hard cost items under the Construction Contract to the total hard cost amounts in the Construction Contract, taking into account change orders and other revisions, as of the date of such

certification). Any representation by the General Partners under this Agreement that the Seventy Five Percent Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property; *provided*, *however*, that in the event that the Investor Limited Partner does not make such physical inspection within fifteen (15) business days after having received such General Partners' representation, then the Investor Limited Partner shall be deemed to have waived the physical inspection requirement.

"Special Capital Contribution" means a capital contribution described in and made pursuant to Section 6.8A or Section 6.11 and the Expense Reimbursement Contribution.

"Special Endorsements" means, collectively, (i) a non-imputation endorsement, (ii) a comprehensive endorsement, (iii) a contiguity endorsement (if the Land consists of more than one parcel), (iv) an access endorsement, (v) a zoning endorsement for improved land (including any applicable parking provisions), (vi) a Fairways endorsement (unless substantially similar coverage is provided under the general policy), (vii) a blanket easement endorsement, (viii) a subdivision endorsement, (ix) a same as survey endorsement, (x) a separate tax lot endorsement, (xi) a maximum loss endorsement, (xii) a restriction, encroachment, minerals endorsement, (xiii) a condominium endorsement (if applicable), and (xiv) any other endorsements reasonably requested by the Special Limited Partner to the extent available in the State, each in a form reasonably acceptable to the Special Limited Partner.

"Special Limited Partner" means Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, and its successors.

"Sponsor" means the National Community Renaissance of California, a California nonprofit public benefit corporation.

"Sponsor AHSC Regulatory Agreement" means that certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing dated on or about the date hereof by and among HCD, Sponsor and the Partnership.

"*Sponsor Dignity Health Loan*" means that certain loan made by the Sponsor to the Partnership in the maximum aggregate principal amount of $[1,200,000], as evidenced by the Sponsor Dignity Health Note and secured by the Sponsor Dignity Health Mortgage.

"*Sponsor Dignity Health Loan Agreement*" means that certain Loan Agreement by and between the Sponsor and the Partnership, dated on or about the date hereof.

"*Sponsor Dignity Health Loan Documents*" means collectively, the Sponsor Dignity Health Loan Agreement, the Sponsor Dignity Health Note, the Sponsor Dignity Health Mortgage, the Dignity Health Loan Agreement, the Dignity Health Collateral Assignment, and any and all other documents evidencing and securing the Sponsor Dignity Health Loan, the Dignity Health Loan, or otherwise entered into connection therewith.

"*Sponsor Dignity Health Mortgage*" means that certain Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing entered into by the Partnership for the benefit of the Sponsor dated on or about the date hereof.

"*Sponsor Dignity Health Note*" means that certain Promissory Note dated on or about the date hereof by the Partnership for the benefit of the Sponsor in the original principal amount not to exceed $[1,200,000].

"State" means the State of California.

"*Subsidies*" means the project-based rental vouchers to be provided by the Authority with respect to 116 Units in the Project, pursuant to the Subsidy Contract.

"Subsidy Commitments" means the commitment of HUD (through the RAD Conversion Commitment) and the Authority (through the RAD Delayed Conversion Agreement) to enter into the Subsidy Contract.

"Subsidy Contract" means the RAD HAP Contract pursuant to which the Subsidies will be provided to the Project.

"Substitute Limited Partner" means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.2.

"Tax Credit Application" means the application submitted to the Credit Agency to obtain the Credit Approval, as amended from time to time, including all documentation submitted to the Credit Agency concurrently therewith or pursuant thereto.

"Tax Credit Shortfall Payments" has the meaning attributed thereto in Section 5.2E.

"Tax Credits" means the Federal Low Income Tax Credits.

"*Taxable Year*" means the taxable year of the Partnership, which is expected to be the calendar year.

"Tenant Income Certification" means a tenant's initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each lease of each Low Income Unit, showing the start date of the lease and signature of the resident(s) and owner.

"Title Policy" means the ALTA owner's policy of title insurance issued to the Partnership by Fidelity National Title Insurance Company as endorsed to include the Special Endorsements in the amount of $[_____] (which represents the sum of the Investor Limited Partner's Net Capital Contributions and the maximum principal amount of the permanent Mortgage Loans) and dated not more than ten (10) days prior to Investment Closing.

"*Transfer*" means any sale, exchange, assignment, encumbrance, hypothecation, pledge, foreclosure, conveyance, gift or other transfer of any kind, whether direct or indirect, voluntary or involuntary. When used as a verb, such term shall mean, voluntarily or involuntarily, to sell, exchange, assign, encumber, hypothecate, pledge, foreclose, convey in trust, give or otherwise transfer.

"Treasury Regulations" or "Treas. Reg." means the Income Tax Regulations promulgated under the Code, as such Regulations may be amended from time to time. All references herein to specific Sections of the Treasury Regulations shall be deemed to refer also to corresponding provisions of any succeeding regulations.

"Uniform Act" means the Revised Uniform Limited Partnership Act as in effect under the laws of the State, as amended from time to time.

"Units" means any of the 184 dwelling units in the Project.

"Withdrawal Purchase Price" shall have the meaning set forth in Section 7.7D.

"Withdrawing Limited Partner" means Southern California Affordable Housing Corporation, a California nonprofit public benefit corporation.

ARTICLE II

CONTINUATION, NAME AND PURPOSE

Section 2.1 Continuation

The parties hereto hereby agree to continue the limited partnership known as Waterman Gardens Partners 2, L.P., which was formed pursuant to the provisions of the Uniform Act.

Section 2.2 Name and Office; Agent for Service

A. The Partnership shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Partnership shall be at 9421 Haven Avenue, Rancho Cucamonga, California 81730. The General Partners may at any time change the location of such principal office and shall give prompt notice of any such change to the Limited Partners.

B. The name and address of the agent of the Partnership for service of process shall be: Michael M. Ruane, 8421 Haven Avenue, Rancho Cucamonga, California 91730.

Section 2.3 Purpose

Consistent with the charitable purpose of the Managing General Partner, the purpose of the Partnership is to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project, which shall be known as Arrowhead Grove Apartments Phase II, in accordance with any applicable Regulations and the provisions of this Agreement. The Partnership shall not engage in any other business or activity.

Section 2.4 Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is, and the General Partners acting on its behalf are, hereby authorized:

(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property or any other assets of the Partnership, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Partnership and to pay for such goods and services; ***provided that*** (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Partnership than would be arrived at by unaffiliated parties dealing at arms' length.

(vi) To execute the Ground Lease, any and all Notes, Mortgages and security agreements in order to secure loans from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Governmental Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Governmental Agency.

(viii) To execute leases of the Units in the Project.

(ix) To modify or amend the terms of any agreement or contract which the General Partners are authorized to enter into on behalf of the Partnership; ***provided, however,*** that such terms as amended shall not (1) materially adversely affect the Partnership or the Limited Partners, or (2) be in contravention of any of the terms or conditions of this Agreement.

(x) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.

(xi) To execute the Related Agreements and any notices, documents or instruments permitted or required to be executed or delivered in connection therewith or pursuant thereto.

ARTICLE III

TERM AND DISSOLUTION

A. The Partnership shall continue in full force and effect until December 31, 2120, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

(i) the sale or other disposition of all or substantially all the assets of the Partnership;

(ii) the Retirement of a General Partner unless the business of the Partnership is continued pursuant to Article VII;

(iii) the election to dissolve the Partnership made in writing by the General Partners with the Consent of the Investor Limited Partner and any Requisite Approvals; or

(iv) the entry of a final decree of dissolution of the Partnership by a court of competent jurisdiction.

B. Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Article VII), the General Partners (or for purposes of this paragraph their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating General Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partners may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (other than Operating Expense Loans).

ARTICLE IV

PARTNERS; CAPITAL

Section 4.1 General Partners

The initial General Partner of the Partnership is WG Partners 2 MGP, LLC, a California limited liability company, and its address and Capital Contributions are set forth in the Schedule. The General Partner shall contribute as its Capital Contributions the sum of $[6,400,000], which will be payable on or before [December 31, 2021]. [Note: 60 days prior to projected Conversion date] The Capital Contributions of the General Partner shall be utilized to pay construction hard costs. In no event shall the aggregate Capital Contributions of the General Partner (excluding

any Special Capital Contributions, Capital Contributions made pursuant to Section 4.1B below and amounts, if any, paid pursuant to Section 10.2A) exceed $[6,400,000] without the Consent of the Investor Limited Partner.

A. In the event the entire Development Amount has not been paid by the thirteenth anniversary of the Completion Date, the General Partner shall make a Capital Contribution to the Partnership in the amount necessary to pay the balance of the Development Amount and the General Partner shall cause the Partnership to immediately apply such proceeds to the discharge of such obligation in full.

Section 4.2 Limited Partners

A. The Special Limited Partner is hereby admitted to the Partnership. Its address and Capital Contribution are set forth in the Schedule.

B. The Investor Limited Partner is hereby admitted to the Partnership. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

C. The Class A Limited Partners are hereby admitted to the Partnership. Their addresses and Capital Contributions are set forth in the Schedule. The payment of their respective Capital Contribution shall occur on the Admission Date.

D. The Withdrawing Limited Partner is Southern California Affordable Housing Corporation, a California nonprofit public benefit corporation. By its execution of this Agreement, the Withdrawing Limited Partner hereby withdraws as a Limited Partner, and the Withdrawing Limited Partner, as such, shall have no further rights with respect to the Partnership as of the Admission Date.

Section 4.3 Partnership Capital and Capital Accounts

A. The capital of the Partnership shall be the aggregate amount contributed by the Partners as set forth in the Schedule. No interest shall be paid by the Partnership on any Capital Contribution. If necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Partners. The Schedule may be amended from time to time to reflect any changes in the Interest held or amount contributed or agreed to be contributed by any Partner.

B. An individual Capital Account shall be established and maintained for each Partner, including any additional or substituted Partner who shall hereafter receive an Interest. The original Capital Account established for any substituted Partner shall be in the same amount as, and shall replace, the Capital Account of the Partner which such substituted Partner succeeds, and, for the purposes of this Agreement, such substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such substituted Partner succeeds. The term "substituted Partner", as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the allocations and distributions of the Partnership by reason of such Person succeeding to the Interest of a Partner by assignment of all or any part of a Partner's Interest. To the extent a substituted Partner receives less than 100% of

the Interest of a Partner it succeeds, the original Capital Account of such substituted Partner and its Capital Contribution shall be acquired in such proportion or amount as agreed to by the substituted Partner and assigning Partner and the assigning Partner who retains a partial Interest in the Partnership shall retain the remainder of its Capital Contribution and Capital Account. Any special basis adjustments under Section 743 of the Code resulting from an election by the Partnership pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Partners pursuant to this Section 4.3.

C. Nothing in this Section 4.3 shall affect the limitations on transferability of Interests set forth in Article VII or Article VIII.

Section 4.4 Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Partner shall have the right to (i) withdraw from the Partnership all or any part of its Capital Contribution or (ii) demand and receive property of the Partnership in return for its Capital Contribution or in respect of its Interest.

Section 4.5 Liability of Limited Partners

A. No Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership. A Limited Partner shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act or Section 10.2A, be required to make any further capital contributions or payments or lend any funds to the Partnership.

B. In no event shall any Person who is at any time a member or manager of the Investor Limited Partner, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Limited Partner under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Limited Partner to contribute capital to the Partnership. All parties dealing with the Investor Limited Partner shall look solely to the assets of the Investor Limited Partner for the satisfaction of any such obligation.

Section 4.6 Additional Limited Partners

The General Partners may admit additional Limited Partners only with the Consent of the Investor Limited Partner.

Section 4.7 Agreement to be Bound by Documents

Each General Partner and Limited Partner shall be bound by the terms of this Agreement and the Project Documents. Any incoming General Partner and Limited Partner, as a condition of receiving any Interest, shall agree to be bound by this Agreement and the Project Documents to the same extent and on the same terms as the other General Partners and Limited Partners, respectively. Upon any dissolution of the Partnership or any Transfer of the Property while any

Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Governmental Agency to the Project Documents and the provisions of this Agreement. The Project Documents shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns as long as the corresponding Mortgage Loans shall be outstanding.

ARTICLE V

CAPITAL CONTRIBUTIONS OF INVESTOR LIMITED PARTNER

Section 5.1 Installments of Capital Contributions

A. The Investor Limited Partner shall contribute as its Capital Contribution the sum of $[25,018,036], payable in four (4) installments (the "Installments") as follows:

(i) the first Installment (the "First Installment") in the amount of $[2,501,804] plus the Expense Reimbursement Contribution shall be paid on the date of Investment Closing;

(ii) the second Installment (the "Second Installment") in the amount of $[2,501,804] shall be payable on the later to occur of (a) the Seventy-Five Percent Completion Date, and (b) [January 1, 2021];

(iii) the third Installment (the "Third Installment") in the amount of $[19,374,429] shall be payable on the later to occur of (a) the Completion Date (including receipt by the Investor Limited Partner of copies of all certificates or permits permitting occupancy of the Project and a current title search report demonstrating that the Project is free of any mechanics' or other liens (except for liens which are bonded against in a manner as to preclude the holder thereof from having any recourse to the Property or the Partnership for payment of any debt secured thereby)), (b) achievement of a 1.15 to 1.00 Debt Service Coverage Ratio for each of three (3) consecutive calendar months (which period must include the last day of the month immediately preceding the month in which this Third Installment is to be paid), (c) the Initial Occupancy Date, (d) physical occupancy of at least 90% of the Units, (e) Final Closing, including, without limitation, Permanent Mortgage Commencement (which may occur simultaneously with the payment of this Third Installment), (f) Fifty Percent Test Qualification, (g) receipt of the Subsidy Contract in form and substance acceptable to Investor Limited Partner, and (h) [February 1, 2022].

(iv) the fourth Installment (the "Fourth Installment") in the amount of $[640,000] shall be payable on the later to occur of (a) the Forms 8609 Receipt Date, (b) receipt of a recorded copy of the Extended Use Agreement, (c) receipt of the final Cost Certification, the Revised Economic Projections, and of a determination by the Accountants of the Final Tax Credit Amount and the calculation of any adjustment required pursuant to Section 5.2 reasonably satisfactory to the Investor Limited Partner

and agreed to by the General Partner, (d) receipt by the Investor Limited Partner of a copy of the tax credit compliance audit report of initial tenant files conducted by a qualified third-party firm reasonably approved by the Investor Limited Partner, (e) the Subsidy Contract shall remain in full force and effect, and (f) [May 1, 2022].

B. The Partners and the Partnership hereby authorize and direct the Investor Limited Partner to pay and remit directly into the "[Equity Account of the Project Fund]" as defined in the Construction Loan Documents, (a) the First Installment for disbursement in accordance with the terms of the Construction Loan Documents, and (b) such portion of the Third Installment as is necessary to pay down the Construction Loan to the principal amount of the Permanent Loan. The amount of any Installments paid directly to the Construction Lender will be deemed to have been contributed by the Investor Limited Partner to the Partnership in satisfaction of its obligations under Section 5.1A.

C. The obligation of the Investor Limited Partner to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The General Partners shall have properly completed, executed and delivered to the Investor Limited Partner a certificate relating to the appropriate remaining Installments (the "Payment Certificate"), in the forms attached hereto as **Exhibit D**, **Exhibit E**, and **Exhibit F** relating to the appropriate remaining Installments, dated the date such Installment is to be paid to the Partnership and attaching the Title Policy endorsement and any other materials referred to therein. In connection with the payment of each Installment, the Investor Limited Partner shall have the right to conduct a physical inspection of the Property to confirm the status of construction thereof or to determine that the condition of the Project is consistent with sound business practices in the geographic area in which the Project is located, including no deferred maintenance. The Investor Limited Partner shall conduct such inspection within fifteen (15) business days of being requested to do so by the General Partners, ***provided***, ***however***, that the Investor Limited Partner will be deemed to waive such physical inspection requirement if it does not make such inspection within fifteen (15) business days of receipt of a written request by the General Partners to do so (which may be sent prior to the date of the Payment Certificate, but not more than fifteen (15) business days prior to the date of the Payment Certificate).

(ii) In the case of the First Installment, all Requisite Approvals to the admission of the Investor Limited Partner pursuant to this Agreement shall have been obtained and the Project shall have received a Credit Approval in the amount of at least $[2,502,054] per annum.

(iii) Each of the representations and warranties set forth in Section 6.5 shall be true and correct in all material respects.

(iv) No event shall have occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3.

(v) From and after the date of the occurrence of an Event of Bankruptcy as to any General Partner, any Guarantor or the Developer, the obligation of the Investor Limited Partner to pay the Installments shall be suspended, and such obligation shall be reinstated only when such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

(vi) No Installment shall be payable unless all conditions for all prior Installments have been satisfied.

Section 5.2 Adjustment to Capital Contributions of Investor Limited Partner

The Capital Contribution of the Investor Limited Partner shall be subject to adjustment in the manner provided in this Section 5.2.

A. Federal Low Income Tax Credit Downward Basis Adjuster. If at any time and from time to time for any reason the Accountants shall determine that, or there shall be a Final Determination or Recapture Event pursuant to which, the Adjusted Aggregate Federal Low Income Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period for all of the Buildings in the Project is or will be less than the Projected Aggregate Federal Low Income Tax Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be reduced in the aggregate by the sum of (i) $[1.00] (the "Federal Low Income Tax Credit Downward Basis Adjustment Factor") for each $1.00 that the Adjusted Aggregate Federal Low Income Tax Credit Amount is less than the Projected Aggregate Federal Low Income Tax Credit Amount, (ii) the amount of any interest and/or penalties paid or payable by the Investor Limited Partner (or its participants) as a result of any Recapture Event affecting the foregoing calculation and (iii) 10% per annum commencing on the applicable date of each paid Installment and continuing until the payment of the amount of such reduction in full (for purposes of this clause (iii), any reduction effected by reduction in the amount of an Installment as provided in Section 5.2E shall be deemed to have been paid on the date on which such Installment shall actually become payable hereunder).

B. Federal Low Income Tax Credit Downward Timing Adjuster. If at any time and from time to time for any reason the Accountants shall determine that, or there shall be a Final Determination pursuant to which, the amount of the Federal Low Income Tax Credits properly allocable to the Investor Limited Partner is less than $[938,176] in 2021, or $[2,501,804] in 2022 (the "Federal Downward Timing Adjuster Target Amounts"), then the Capital Contribution of the Investor Limited Partner shall be reduced by $0.65 for each $1.00 that the Federal Low Income Tax Credits properly allocable to the Investor Limited Partner is less than $[938,176] in 2021, or $[2,501,804] in 2022. Notwithstanding the foregoing, however, (i) in the event that the Adjusted Aggregate Federal Low Income Tax Credit Amount shall vary from the Projected Aggregate Federal Low Income Tax Credit Amount in effect on the date of the Investment Closing, the Federal Downward Timing Adjuster Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Low Income Tax Credit Amount varies from the Projected Aggregate Federal Low Income Tax Credit Amount and (ii) if 2022 is not the First Full Credit Year, comparable adjustments shall be made for any subsequent year which precedes the First Full Credit Year.

C. Federal Low Income Tax Credit Upward Basis Adjuster. If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the Adjusted Aggregate Federal Low Income Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Low Income Tax Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be increased, subject to the provisions of Section 5.2E below, by $[1.00] for each $1.00 that the Adjusted Aggregate Federal Low Income Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Low Income Tax Credit Amount.

D. Federal Low Income Tax Credit Upward Timing Adjuster. If at any time and from time to time for any reason the Accountants shall determine that, or there shall be a Final Determination pursuant to which, the amount of the Federal Low Income Tax Credits properly allocable to the Investor Limited Partner is greater than $[938,176] in 2021, or $[2501,804] in 2022 (the "Federal Upward Timing Adjuster Target Amounts"), then the Capital Contribution of the Investor Limited Partner shall be increased, subject to the provisions of Section 5.2E below, by $0.65 for each $1.00 that the Federal Low Income Tax Credits properly allocable to the Investor Limited Partner is greater than $[938,176] in 2021, or $[2,501,804] in 2022. Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Low Income Tax Credit Amount shall vary from the Projected Aggregate Federal Low Income Tax Credit Amount in effect on the date of the Investment Closing, the Federal Upward Timing Adjuster Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Low Income Tax Credit Amount varies from the Projected Aggregate Federal Low Income Tax Credit Amount.

E. Application of Adjustments.

(i) If, upon the occurrence of any determination or event giving rise to an adjustment in the Capital Contribution of the Investor Limited Partner under this Section 5.2 (aggregating and/or netting, as applicable, all concurrent adjustments applicable to the Investor Limited Partner under this Section 5.2), there is a net reduction in such Capital Contribution, then such net reduction shall be applied first to reduce the amount of any unpaid Installments of the Capital Contribution of the Investor Limited Partner, in order, by a corresponding amount. If the net reduction exceeds the amount of such unpaid Installments, then the General Partners shall make a payment (a "Tax Credit Shortfall Payment") to the Investor Limited Partner in the amount of such excess, on an After-Tax Basis, within seventy-five (75) days of the end of the calendar year in which the determination is made. Unless the treatment thereof as a Capital Contribution is approved in writing by the Investor Limited Partner (which approval shall be withheld by it only in cases where, in its reasonable discretion, it determines that such treatment could reduce the amount of Federal Low Income Tax Credits which would otherwise be allocable to the Investor Limited Partner under this Agreement), any such Tax Credit Shortfall Payment by the General Partners shall not constitute a Capital Contribution, loan or advance to the Partnership and shall not be reimbursable by the Partnership, but shall be treated as a payment by the General Partners to the Investor Limited Partner for breach of warranty by the General Partners to the Investor Limited Partner. If full payment of such excess amount is not received within such seventy-five (75) day period, the unpaid

balance shall thereafter bear interest at the Designated Prime Rate. In the event any such Tax Credit Shortfall Payment is treated as a Capital Contribution in accordance with this paragraph, the payment thereof to the Investor Limited Partner shall be treated as a distribution by the Partnership to the Investor Limited Partner of the proceeds of such Capital Contribution.

(ii) If, upon the occurrence of any determination or event giving rise to an adjustment in the Capital Contribution of the Investor Limited Partner under this Section 5.2 (aggregating and/or netting, as applicable, all concurrent adjustments under this Section 5.2), there is a net increase in such Capital Contribution, then such net increase shall be paid at the time of the Fourth Installment, and if the Fourth Installment has already been paid, shall be paid by the Investor Limited Partner within seventy-five (75) days of the date of the determination in question.

(iii) Notwithstanding any other provision of this Agreement to the contrary, in no event will any increase to Limited Partner's total Capital Contribution under this Section 5.2 be increased by more than 10% without Limited Partner's consent, which consent is subject to approval by the Investor Limited Partner's investment committee.

F. Provisional Adjustments. If, upon receipt by the Investor Limited Partner of a Payment Certificate with respect to any Installment, the Investor Limited Partner shall have a reasonable basis to believe that the amount of such Installment would have been subject to reduction if the Accountants had made a current determination or projection under any of the preceding provisions of this Section 5.2, the Investor Limited Partner may so notify the General Partners within seven (7) business days of receipt of such Payment Certificate, and the General Partners shall thereupon engage the Accountants to make such determination or projection (unless the General Partners and Investor Limited Partner shall mutually agree upon the adjustments to be made). The amount of the Installment in question shall then be provisionally reduced in accordance with such projection or agreement; *provided, however*, that if the Accountants' subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Limited Partner shall promptly pay to the Partnership the amounts, if any, by which the provisional reduction exceeded the reduction as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Installments or refunded as provided in Section 5.2E above. The due date for payment by the Investor Limited Partner of any Installment or any portion of an Installment held back pursuant to this section shall be suspended until the Accountant's determination of the provisional reduction (if any) as provided herein**.**

G. The obligations of the General Partner set forth in this Section 5.2 shall expire at the end of the Compliance Period and shall be guaranteed pursuant to that certain Guaranty Agreement of even date herewith. The obligations of the General Partner set forth in Section 6.8 of this Agreement expire in accordance with Section 6.8 and are limited in amount. The limitations imposed in Section 6.8 are separate and distinct from the obligations imposed under this Section 5.2 and should not be construed as limiting in any manner the duration or amount of the obligations described in this Section 5.2.

H. [Notwithstanding anything to the contrary herein, after the Investor Limited Partner has paid in all Installments of its Capital Contribution, any adjuster due to a Change in Law shall be payable solely pursuant to Section 10.1A or Section 10.1B below, and neither the General Partner nor the Guarantor shall have any liability therefor.] [Note – this language requires credit approval, in process]

Section 5.3 Repurchase of Investor Limited Partner's Interest

A. The General Partners hereby agree to purchase the Interest of the Investor Limited Partner if any of the following events shall occur:

(i) Final Closing shall not have taken place on or before the date of maturity of the Construction Loan, *provided, however*, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Mortgage Loan Commitments shall have been extended beyond such date; or

(ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within thirty (30) days or a binding agreement with the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is commenced to foreclose any mechanics' or any other lien (other than the lien of any Mortgage) against the Project and such action has not within thirty (30) days been either bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Property or to the Partnership for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Partnership by a reputable title insurance company (which insurance company will not have indemnity from or recourse against Partnership assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Investor Tax Counsel; or (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of thirty (30) days; or

(iii) any of the Mortgage Loan Commitments is terminated, withdrawn or becomes unenforceable (except as a result of full performance thereof in accordance with its terms) and such Commitment is not reinstated (or replaced on terms at least as favorable to the Partnership) within thirty (30) days; or

(iv) a casualty occurs resulting in substantial destruction of the Project and the insurance proceeds and other funds made available to the Partnership (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or

(v) the Project shall become ineligible for 30% or more of the Projected Aggregate Federal Low Income Tax Credit Amount, except for temporary reductions in the Projected Aggregate Federal Low Income Tax Credit Amount resulting from a

casualty or condemnation so long as the Project is being rehabilitated or rebuilt in accordance with the requirements of Section 42(g) of the Code and this Agreeement; or

(vi) the Partnership shall fail to achieve Development Obligation Date within 24 months following the Completion Date or shall fail to achieve Fifty Percent Test Qualification; or

(vii) the Forms 8609 Receipt Date shall not have occurred by the due date (as the same may have been properly extended, if applicable) for filing of the Partnership's federal income tax returns for the first year of the Credit Period with respect to the last Building in the Project that is placed in service (unless such delay is, in the judgment of the Special Limited Partner, beyond the reasonable control of the General Partners, including, without limitation, due to a delay by the Agency in issuing Forms 8609 after all conditions to obtain the Forms 8609 have been satisfied); or

(viii) any Lender or Governmental Agency shall disapprove, or fail to give a required approval of, the Investor Limited Partner as a Partner of the Partnership; or

(ix) a Disqualifying Event shall have occurred unless cured within a period of fifteen (15) business days (or such longer period as may be applicable thereto if such Disqualifying Event is an event otherwise described in any of the preceding clauses of this Section 5.3A); or

(x) the Completion Date shall fail to occur by December 31, 2021, as reasonably extended for reasons of *force majeure*; or

(xi) the Project shall fail to be placed in service prior to the date required by the Code; or

(xii) the Subsidy Contract is terminated prior to the date that the Fourth Installment becomes due; or

(xiii) the Ground Lease is terminated.

B. If any such event set forth in Section 5.3A shall occur, the General Partners shall give notice to the Investor Limited Partner of the obligations of the General Partners hereunder to purchase its Interest (such obligation being herein called a "Purchase Obligation" and such notice the "Purchase Obligation Notice") within fifteen (15) days after the occurrence of any event giving rise to such obligation. If the Investor Limited Partner elects to sell its Interest hereunder, it shall give the General Partners notice of such election (an "Election Notice") within thirty (30) days after such Purchase Obligation Notice from the General Partners is received by the Investor Limited Partner (or, in the event that such Purchase Obligation Notice from the General Partners is not given, at any time after the occurrence of such event).

C. Within ten (10) business days after delivery to the General Partners of an Election Notice from the Investor Limited Partner, the General Partners shall pay the Investor Limited Partner a purchase price (the "Purchase Price") in cash (with interest thereon at an annual rate one percentage point above the Designated Prime Rate commencing on the fifth (5th) day

following the date of such delivery) equal to (i) the sum of (a) 100% of the Investor Limited Partner's Net Capital Contribution (whether or not theretofore paid-in to the Partnership), increasing 10% per annum commencing on the applicable date such Capital Contribution was paid through the fifth (5th) day following the date of such delivery, ***plus*** (b) the actual out-of-pocket costs (including any legal, accounting and consulting fees and any interest or penalties) paid by the Investor Limited Partner in connection with any recapture of Tax Credits allocated to the Investor Limited Partner pursuant to this Agreement ***less*** (ii) the sum of (a) that portion of the Net Capital Contribution which has not theretofore been paid-in to the Partnership, (b) the amount of Cash Flow theretofore distributed by the Partnership in respect of the Investor Limited Partner's Interest and (c) the amount of any Tax Credits allocable to the Interest which will not be recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Limited Partner shall have no further obligations under this Agreement, and the General Partners shall indemnify and defend the Investor Limited Partner and hold it harmless against any such obligations. The General Partners shall take all action and shall pay all costs necessary to enable the Investor Limited Partner to receive and retain the Purchase Price as against any creditor of any General Partner or the Partnership. Notwithstanding the purchase by the General Partners of the Interest of the Investor Limited Partner pursuant to Section 5.3A, to the extent permitted under the applicable provisions of the Code, the Investor Limited Partner shall be allocated any Profits or Losses and Tax Credits in respect of said Interest for the period prior to the date of the receipt by the Investor Limited Partner of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest of the Investor Limited Partner shall not vest in the General Partners until payment in full of the Purchase Price therefor. Upon such payment, the General Partners shall forthwith cause an amendment hereto and to the Certificate and any other necessary papers to be executed, filed, recorded and published wherever required showing such substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor Limited Partner of its right to require the purchase by the General Partners of its Interest in the manner described in this Section 5.3.

F. The Investor Limited Partner shall have the right to waive its right to have its Interest repurchased at any time during which any of such rights shall be in effect. Any such waiver shall be exercised by delivery to the General Partners of a written notice stating under which clause(s) of this Section it is waiving its right to have its Interest repurchased and that its rights under such specified clause(s) are thereby irrevocably waived from that date forward.

G. Should any General Partner repurchase the Interest of the Investor Limited Partner pursuant to this Section 5.3, then the Special Limited Partner agrees to withdraw from the Partnership at the same time as the Investor Limited Partner's withdrawal is effective.

Section 5.4 <u>Put Option.</u>

At any time after payment of Investor Limited Partner's Net Capital Contribution and prior to one hundred and eighty (180) days after the Compliance Period, Investor Limited Partner may require that WA3 or the General Partner purchase the Investor Limited Partner's Interest and the Special Limited Partner's Interest, subject to all then existing liens and encumbrances to

title, for an amount equal to $100 (the "Put Option"). To exercise the Put Option, the Investor Limited Partner must deliver to WA3 and General Partner an irrevocable written notice of such exercise. Within thirty (30) days of receiving such notice, WA3 and the General Partner shall mutually decide which of WA3 and the General Partner will purchase the Investor Limited Partner's Interest and the Special Limited Partner's Interest. The purchase by WA3 or the General Partner will be closed within 60 days after the later of (i) the Investor Limited Partner's exercise of such right, or (ii) the receipt of all required consents, if any. Any conveyance from the Investor Limited Partner and the Special Limited Partner to WA3 or the General Partner under this Section 5.4 will be made by quitclaim transfer, without representation or warranty of any kind by the Investor Limited Partner or the Special Limited Partner except that the Investor Limited Partner and the Special Limited Partner will represent that such Partner has not previously transferred its Interest and such Partner's Interest is free of liens or encumbrances other than those contemplated by the Partnership's Mortgage Loans and/or by this Agreement. The Investor Limited Partner and the Special Limited Partner agree that WA3 and the General Partner will have no liability for any Adverse Consequences to the Investor Limited Partner or the Special Limited Partner as a result of the exercise of the Put Option, including, but not limited to, recapture or lost Federal Low Income Tax Credits.

ARTICLE VI

RIGHTS, POWERS AND DUTIES OF THE GENERAL PARTNERS

Section 6.1 Restrictions on Authority

A. Notwithstanding any other provisions of this Agreement, the General Partners shall have no authority to perform any act in respect of the Partnership or the Project in violation of (i) any applicable law or regulation, or (ii) any agreement between the Partnership and any Lender or Governmental Agency, or (iii) the Ground Lease.

B. The General Partners shall not have any authority to do any of the following acts without the Consent of the Investor Limited Partner and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Partnership, except as specifically permitted by Section 6.1B(iv) and Article IX, or

(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Partnership to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the General Partners or their Affiliates shall not be deemed to be advances or loans), or

(v) to amend, modify, or waive any term of the Mortgage Loan Documents, except non-material modifications of the Mortgage Loan Documents or other modifications that will not have an adverse effect on the General Partners' or the Partnership's ability to perform its obligations hereunder and under the Mortgage Loan Documents, or

(vi) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Partnership of any low-income housing credit under Section 42 of the Code, or

(vii) after the Investment Closing, to enter into any material Project Document or to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the General Partners or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Limited Partner (notwithstanding that the Investor Limited Partner is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective), or

(viii) to obtain, increase, refinance or materially modify any Mortgage Loan after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the General Partners may cause the Partnership to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or

(ix) to cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Partnership or for any substantial part of the Partnership's business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any Person other than the Partnership, or

(x) to cause the Partnership to accept or receive any grant (unless otherwise expressly contemplated under the terms of this Agreement);

(xi) to pledge or assign any of the Capital Contribution of the Investor Limited Partner or the proceeds thereof, or

(xii) to amend any of the Related Agreements, the Subsidy Contract, or the Ground Lease, or

(xiii) to permit the merger, termination or dissolution of the Partnership, or

(xiv) to dismiss the Accountants or to engage a new firm as Accountants, or

(xv) to approve any changes to the Plans and Specifications for the Project which would result, either individually in an overall development cost increase or decrease of $[_____] or in the aggregate, in an overall development cost increase or decrease in excess of $[_____] (*provided*, *however*, that any Consent of the Investor Limited Partner required under this clause (xiv) shall not be unreasonably withheld, conditioned or delayed), or [Note – will match thresholds in BOA construction loan documents, subject to plan + cost review / credit approval]

(xvi) to Transfer (directly or indirectly) its general partner interest in the Partnership, except pursuant to that certain Security Agreement dated on or about the date hereof by the Partnership and the General Partner in favor of the Construction Lender, or

(xvii) to take any action outside of the ordinary course of business of the Partnership.

C. The General Partners shall not (a) cause the Partnership to utilize Cash Flow to acquire interests in other Entities or (b) cause the Partnership to invest the proceeds of any sale or refinancing of the Project without the Consent of the Investor Limited Partner.

D. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Partnership nor any Partner shall have any rights by reason of this Agreement in and to such independent ventures.

Section 6.2 Partnership Audits

A. Defined Terms. For purposes of this Section 6.2, the following terms shall have the meanings set forth below:

"Administrative Adjustment Request" means an administrative adjustment request under Code Section 6227.

"Adjustment Year" means the 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, such Administrative Adjustment 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.

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

"Imputed Underpayment" has the meaning set forth in Section 6225 of the Code.

"Indirect Partner" means any Person who has an interest in the Partnership through its interest in one or more Pass-Through Partners.

"Partnership Adjustment" means any adjustment to any item of income, gain, loss, deduction, or credit of the Partnership, or any Partner's distributive share thereof, in either case as described in any applicable Treasury Regulations or other guidance prescribed by the IRS.

"Pass-through Partner" means a pass-through entity that holds an interest in the Partnership, including a partnership (as described in Treas. Reg. § 301.7701-2(c)(1)), including a foreign entity that is classified as a partnership under Treas. Reg. § 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. For purposes of this definition, a pass-through entity does not include a disregarded entity described in Treas. Reg. § 301.7701-2(c)(2)(i) or a trust that is wholly owned by only one Person, whether the grantor or another Person, and the trust reports the owner's information to payors under Treas. Reg. § 1.671-4(b)(2)(i)(A).

"Reviewed Year" means the 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 the Consolidated Appropriations Act of 2018, P.L. 155-141), and the Treasury Regulations promulgated thereunder, as amended from time to time.

"Taxes" means any tax, penalties, additions to tax, additional amounts, and interest as described in Section 6226 of the Code.

B. Partnership Representative

(i) Appointment and Designation. The Partners hereby authorize the Partnership to appoint the General Partner as the initial partnership representative of the Partnership pursuant to Section 6223(a) of the Code (the "Partnership Representative"). The General Partner shall be appointed the Partnership Representative for each Taxable Year provided that if an event or circumstance has occurred which, with the giving of notice or the passage of time, would constitute a default under Section 7.7 hereunder or a default by the Partnership Representative or Designated Individual (as hereinafter defined) of its/his/her duties and obligations under this Section 6.2, the Consent of the Investor Limited Partner must be obtained before the Partnership Representative is appointed for any Taxable Year. Notwithstanding anything to the contrary herein, the Investor Limited Partner may elect, at any time in its sole discretion, to designate itself or another person to serve as the "partnership representative," in which event the General Partner shall take all appropriate steps to implement such designation. The Partnership Representative shall timely 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 Investor Limited Partner. No later than the effective date of the designation of the Designated Individual or the Partnership Representative, such Designated Individual or Partnership Representative, as applicable, must agree in writing to be bound by the same obligations and restrictions imposed on the Partnership Representative under this Section 6.2 prior to and as a condition of such designation.

(ii) Resignation; Revocation. The General Partner (and any successor Partnership Representative) may resign as the Partnership Representative by written notice to the Partnership, the Investor Limited Partner, and the IRS. Notice of such resignation shall be given to the IRS in the time and manner prescribed by the IRS. Upon removal of the General Partner for any reason pursuant to the provisions of Section 7.7 of this Agreement or, with the Consent of the Investor Limited Partner, in the event of a default by the Partnership Representative or Designated Individual of its/his/her duties and obligations under this Section 6.2, the Partnership shall revoke the designation of the 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. The designation of the Designated Individual as the Designated Individual shall automatically terminate on the effective date of the resignation or revocation of the applicable entity as Partnership Representative. If a Designated Individual becomes unable to perform the tasks required of a Designated Individual, no longer has the "capacity to act" within the meaning of the Revised Partnership Audit Rules, or the Partnership Representative otherwise determines that the Designated Individual should no longer serve as a Designated Individual, the Partnership Representative shall promptly notify the Investor Limited Partner of such determination and take all necessary actions to effectuate the revocation of such individual as the Designated Individual for all applicable Taxable Years. Notice of such revocation shall be given to the IRS in the time and manner prescribed by the IRS and shall include the designation of another Person selected by the Investor Limited Partner as the successor Partnership Representative for the Taxable Year for which the designation was in effect and the designation of another Person selected by the Partnership Representative (with the Consent of the Investor Limited Partner) as the successor Designated Individual for the Taxable Year for which the designation was in effect. The resigning or removed Partnership Representative or Designated Individual shall remain obligated hereunder in such capacity (including the requirement to forward any notices received from the IRS) until the IRS agrees to provide such notices to a replacement Partnership Representative or Designated Individual during the audit process. In furtherance hereof, the General Partner hereby constitutes and appoints the Investor Limited Partner, with full power of substitution, its true and lawful attorney-in-fact in its name, place and stead to carry out fully the provisions of this Section 6.2B(ii) and take any action which the Investor Limited Partner may deem necessary or appropriate in connection herewith. 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 General Partner as the Partnership Representative.

(iii) Successor Partnership Representative. Any successor Partnership Representative must have a substantial presence in the United States, have been

Consented to by the Investor Limited Partner, and otherwise satisfy all statutory and regulatory requirements imposed by the Revised Partnership Audit Rules. The Person so designated must agree in writing to be bound by the terms of this Section 6.2 and shall not take any action in its capacity as Partnership Representative until the resignation and/or revocation of the prior Partnership Representative becomes effective under the Code or Treasury Regulations.

(iv) Notice of Communications. The Partnership Representative shall (1) 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, (2) consult with the Investor Limited Partner in good faith on the strategy and substance of any tax audit or contest and (3) give, to the extent possible, 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 taxing authority in connection with any examination, audit or other inquiry involving the Partnership. Without limiting the generality of the foregoing, the Partnership immediately shall send to all of the Partners copies of any notice of a proposed or final Partnership Adjustment received by the Partnership and/or the Partnership Representative from the IRS. To the extent requested by the Investor Limited Partner and permitted under Treasury Regulations or by the IRS or other taxing authority in a particular tax audit or contest, the Partnership Representative shall cooperate in allowing the Investor Limited Partner or its representative to participate, at its own expense, in such tax audit or contest.

(v) 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 6.2C below, the Partnership Representative shall not, without the Consent of the Investor Limited Partner, have any power or authority to do any or all of the following:

(1) make an election to opt out of the application of the Revised Partnership Audit Rules to the Partnership;

(2) make a Push-Out Election (as defined in Section 6.2C(iv) below) or request a modification to an Imputed Underpayment, except pursuant to 6.2C;

(3) file an Administrative Adjustment Request;

(4) select any judicial forum for the litigation of any Partnership tax dispute;

(5) take any other action (or fail to take any action) that would have the effect of finally determining any tax audit or contest; or

(6) extend the statute of limitations.

(vi) Fiduciary Relationship. The relationship of the Partnership Representative to the Partnership and the Partners shall be that of a fiduciary, and the Partnership Representative shall have a fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and its Partners.

(vii) 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 Investor Limited Partner and within the scope of its authority under this Section 6.2. For purposes of this Section 6.2B(vii), Partnership Representative shall include the Designated Individual.

C. Modifications and Partnership Elections

(i) Modifications to Imputed Underpayment. If the Partnership and/or Partnership Representative receives notice of a proposed Partnership Adjustment from the IRS, the Partnership Representative shall so notify the Partners in accordance with the provisions of Section 6.2B(iv) above and, if requested to do so by the Investor Limited Partner, shall request modification of the Imputed Underpayment proposed in such notice in accordance with any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS. Any such request by the Investor Limited Partner shall describe the modifications or adjustment factors that the Investor Limited Partner believes affect the calculation of the Imputed Underpayment in sufficient detail to substantiate the request for modification. Unless an extension of time is granted by the IRS, all information required to support a requested modification shall be submitted by the Investor Limited Partner to the Partnership Representative no later than one hundred eighty (180) days after the Investor Limited Partner receives notice of the proposed Partnership Adjustment from the Partnership Representative, and the Partnership Representative shall submit such information to the IRS no later than two hundred seventy (270) days after the date the proposed Partnership Adjustment notice was mailed by the IRS.

(ii) Amended Returns; Alternative Procedure to Amended Returns. If requested to do 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) which 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 Member) has filed each required amended return or, in the case of a Pull-In Election (as hereinafter defined), such

information, in the form and manner specified by the IRS, as it requires, 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. In lieu of filing an amended return in accordance with Section 6.2C(ii) above, any Reviewed Year Partner may elect to comply with the "pull-in" procedure described in Section 6225(c)(2)(B) of the Code (a "Pull-In Election"). In such event, such Reviewed Year Member shall (1) pay all amounts due under Section 6225(c)(2)(A)(iii) of the Code, (2) take into account, in the form and manner set forth in any applicable IRS guidance, the adjustments to the tax attributes of such Reviewed Year Partner, and (3) 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 a Pull-In Election described in Section 6225(c)(2)(B) of the Code. Copies of all notices and filings made pursuant to this Section 6.2C(iii) shall be provided by the Reviewed Year Partner to the Partnership Representative.

(iii) Reallocation Adjustment. 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 6.2C 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).

(iv) Push-Out Election. If the Partnership receives notice of a final Partnership Adjustment from the IRS, the Partnership Representative shall so notify the Partners and any Former Partners in accordance with the provisions of Section 6.2B(iv) above and, if requested to do so by the Investor Limited Partner, shall make an election (a "Push-Out Election") under Section 6226 of the Code with respect to one or more Imputed Underpayments set forth in the final Partnership Adjustment 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 (as determined with the Consent of the Investor Limited Partner for such Reviewed Year) and shall be liable for any Taxes as described in Section 6226 of the Code and any applicable Treasury Regulations or other guidance prescribed by the IRS. 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 (or such later date as permitted by Treasury Regulations or IRS guidance) 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.

(v) Reimbursement of Allocable Share of Imputed Underpayment. 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 (as determined with the Consent of the Investor Limited Partner) shall be obligated, within thirty (30) days after written notice from the General Partner, to pay an amount that, on an after-tax basis if such payment is treated as an indemnity payment under this Section 6.2C(v), is equal to its allocable share of such amount to the Partnership; provided, however, that if and to the extent that the Partnership's liability results from a loss, disallowance or recapture of Tax Credits for which a payment to such Person is due under Section 5.2 and has not been paid, the amount otherwise payable by such Person to the Partnership under this Section 6.2C(v) shall be reduced by such unpaid amounts so that the Partnership will bear the portion of the Imputed Underpayment equal to such reduction and the General Partner shall advance such unpaid amounts to pay the Imputed Underpayment. Any amount not paid by a Partner (or Former Partner) within such 30-day period shall accrue interest at the Designated Prime Rate plus 2% until paid. Any such payment made by any Partner shall be treated as a Capital Contribution and, if and to the extent permitted by the Code and Treasury Regulations, any Capital Account reduction attributable to the Imputed Underpayment shall be allocated to the Partners in proportion to such Capital Contributions; provided that, such payment will be treated as an indemnity payment if the Investor Limited Partner determines in its sole discretion that treatment as a Capital Contribution would result in a reallocation of Losses or Tax Credits. Any such payment made by any Former Partner shall be treated as an indemnity payment and not as a Capital Contribution or loan to the Partnership.

(vi) Withholding. Notwithstanding anything to the contrary contained herein, the 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 from such Partner (or Former Partner) under clause (v) 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 6.2C(vi) 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).

(vii) Indemnity. To the extent that a portion of the Taxes imposed under Code Section 6225 relates to a Former Partner, the General Partner shall require such Former Partner to indemnify the Partnership for its allocable portion of such tax (including any penalties, additions to tax, additional amounts, and interest) to the extent such amounts have not been withheld pursuant to the provisions of Section 6.2C(vi). 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 Taxable Years (or portions thereof) prior to such transfer or liquidation unless otherwise agreed to in writing by the Partners during the Taxable Year(s) (or portion thereof) to which the Taxes relate and all Former Partners during the Taxable Year(s) (or portion(s) thereof) to which the Taxes relate.

(viii) Continuing Obligations. Whether the liability is assessed to the Partnership or the Partners (or Former Partners), the parties hereto acknowledge and agree that nothing in this Section 6.2C is intended, nor shall it be construed, to modify or waive any obligations of the General Partner under this Agreement including, without limitation, the obligation to make a payment pursuant to the provisions of Section 5.2.

D. Consistent Tax Treatment

Except as hereinafter provided, each Partner agrees that its treatment on its own federal income tax return of each item of income, gain, loss, deduction, or credit attributable to the Partnership shall be consistent with the treatment of such items on the Partnership return, including the amount, timing, and characterization of such items. Notwithstanding the foregoing general requirement, any Partner may file a statement identifying certain items that are inconsistent (or that may be inconsistent) in accordance with any applicable Treasury Regulations, forms, instructions, or other guidance provided by the IRS. Any such statement shall be attached to the Partner's tax return on which the item is treated inconsistently.

E. Tax Counsel or Accountants

The Partnership Representative, with the Consent of the Investor Limited Partner, shall employ experienced tax counsel and/or accountants to represent the Partnership in connection with any audit or investigation of the Partnership by the IRS or any other taxing authority and in connection with all subsequent administrative and judicial proceedings arising out of such audit. Such counsel and/or accountants shall be responsible for representing the Partnership; it shall be the responsibility of the Partners, at their expense, to employ tax counsel or accountants to represent their respective separate interests.

F. Survival

The obligations of each Partner or Former Partner under this Section shall survive the transfer, redemption or liquidation by such Partner of its Interest and the termination of this Agreement or the dissolution of the Partnership.

G. Amendments

Upon the promulgation of revised Treasury Regulations implementing the Revised Partnership Audit Rules or upon further amendment of the Revised Partnership Audit Rules, the Partners will evaluate and consider options available with respect to preserving the allocation of responsibility and authority described in this Section 6.2, while conforming with the applicable provisions of the revised partnership audit procedures. The Partners agree to work together in good faith to make elections and amend this Agreement (if any party determines that an amendment is required) to maintain the intent of the parties with respect to the obligations and limitations of the Partnership Representative.

H. State and Local Income Tax Matters

The provisions of this Section 6.2 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.

Section 6.3 Business Management and Control; Designation of Managing General Partner; Certain Rights of the Special Limited Partner

A. The General Partners shall have the exclusive right to manage the business of the Partnership in accordance with this Agreement. No Limited Partner shall have any authority or right to act for or bind the Partnership.

B. The powers and duties of the General Partners hereunder may be exercised in the first instance by one or more Managing General Partners. Each Managing General Partner is hereby authorized to execute and deliver in the name and on behalf of the Partnership all such documents and papers (including any required by any Lender or Governmental Agency) as such Managing General Partner deems necessary or desirable in carrying out such duties hereunder. WG Partners 2 MGP, LLC, a California limited liability company is hereby designated as the initial Managing General Partner; if such Person shall become unable to serve in such capacity or shall cease to be a General Partner, the remaining General Partners may from time to time designate from among themselves by consent one or more substitute or additional Managing General Partners. If for any reason no designation is in effect, the powers of the Managing General Partners shall be exercised by the majority consent of the remaining General Partners. A designation of a successor as Managing General Partner or the designation of an additional Managing General Partner pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that (i) the Partnership is in material default of any of its obligations under the Project Documents, (ii) any General Partner, Developer or Guarantor is in default in any material respect under any of its obligations under this Agreement or any of the Related Agreements, (iii) a Recapture Event shall have occurred, (iv) a sole General Partner shall Retire, (v) an Event of Bankruptcy shall have occurred as to a General Partner, the Developer or any Guarantor or (vi) a General Partner or an Affiliate of a General Partner shall have committed fraud or breach of fiduciary duty in connection with the Project, the Special Limited Partner may, at its election, give notice of such default or event to the then General Partners, if any, and, (a) in the case of a default, if such default is not cured within ten (10) business days (or cured within a reasonable time (not to exceed thirty (30) days) in the event it is impossible to cure such default within such ten (10)-day period, *provided that* the General Partners are diligently and in good faith seeking to cure such default and there has been no assignment of or institution of proceedings to foreclose any Mortgage), or (b) in the event of such Retirement, Recapture Event, Event of Bankruptcy, fraudulent act or fiduciary breach, promptly after the occurrence of such event, the Special Limited Partner or any Entity of which a majority of the stock or beneficial interest is owned, directly or indirectly, by the Special Limited Partner or Bank of America, N.A., may, with the Consent of the Investor Limited Partner, elect to become an additional General Partner with all the rights and privileges of a General Partner. The Special Limited Partner shall provide the General Partners with true and correct copies of the written instruments

evidencing such Consent of the Investor Limited Partner within ten (10) days after the Special Limited Partner's receipt thereof. Upon such election by the Special Limited Partner or such Entity and such Consent, the Special Limited Partner or such Entity shall automatically become and shall be deemed a General Partner and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Limited Partner or such Entity shall become an additional General Partner as herein stated, its Interest shall not be increased thereby (except that the Special Limited Partner may assign its Interest to such Entity). In the event of the admission of the Special Limited Partner or such Entity as a General Partner pursuant to this Section 6.3, and if there are then any other General Partners, the Special Limited Partner or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them.

Section 6.4 Duties and Obligations of the General Partners

A. The General Partners shall use their reasonable best efforts to carry out the purposes, business and objectives of the Partnership, and shall devote to Partnership business such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Partners or to any Lender or Governmental Agency, (iv) with the Consent of the Investor Limited Partner, elect to defer the commencement of the Credit Period for all or any portion of the low-income housing tax credit allowable to the Partners under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Limited Partner, (v) cause the Project to be insured in accordance with the requirements set forth in **Exhibit C**, and (vi) cause the Partnership and the Project to comply in all material respects with each of the representations and covenants of the applicant set forth in the Tax Credit Application.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the General Partners shall use reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.

C. The General Partners shall timely execute and record in the appropriate filing office an Extended Use Agreement. The General Partners shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the entire Project as a qualified low income housing project under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The General Partners shall not take any action which would cause the termination or discontinuance of the qualification of the Project as a "qualified low income housing project" under Section 42(g) of the Code or which would cause the recapture of any Tax Credits without the Consent of the Investor Limited Partner.

D. The General Partners shall prepare and submit to the Secretary of the Treasury (or any other Governmental Agency designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for Tax Credits to the extent contemplated under this Agreement and (ii) unless the Consent of the Investor Limited Partner is received to act otherwise in a particular instance, to avoid recapture of Tax Credits for failure to comply with the requirements of Section 42 of the Code or other applicable law.

E. Except as provided in or contemplated by the Project Documents and the Mortgage Loan Commitments in existence at Investment Closing, including without limitation the Construction Loan, the Authority Loan, and the Sponsor Dignity Health Loan, the General Partners agree that neither they nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loan. Each General Partner agrees that it will not cause any Limited Partner at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Limited Partner agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loan.

F. The General Partners shall have 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.

G. No General Partner shall contract away the fiduciary duty owed at common law to the Limited Partners.

H. The General Partners shall be solely responsible for the following:

(1) analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state;

(2) identifying potential land sites and analyzing the demographics of potential sites;

(3) analyzing a site's economy and forecasting future growth potential;

(4) determining the site's zoning status and possible rezoning strategies;

(5) contacting local government officials concerning access to utilities, public transportation and local ordinances;

(6) performing environmental tests;

(7) negotiating the purchase of the Land and the financing therefor;

(8) causing the Partnership to acquire the Land;

(9) processing necessary documentation with the Credit Agency in connection with the Tax Credits;

(10) arranging the permanent mortgage financing for the Project; and

(11) arranging for the admission to the Partnership of the Investor Limited Partner and the Special Limited Partner.

In consideration for its services set forth in this Section 6.4H, the General Partners have received their interests in the Profits of the Partnership as set forth in Section 10.3. The General Partners shall not assign any of these duties to the Developer.

I. The General Partners shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material to, at or from the Project (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Limited Partners with written notice (x) upon any General Partner's obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project; (y) upon any General Partner's receipt of any notice to such effect from any federal, state, or other Governmental Agency and (z) upon any General Partner's obtaining knowledge of any incurrence of any expense or loss by any such Governmental Agency in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any General Partner may be liable or for which expense or loss a lien may be imposed on the Project.

J. Subject to the terms and conditions of the Right of First Refusal and Purchase Option Agreement, if requested to do so by the Investor Limited Partner at any time after the Compliance Period, the General Partners shall use their best efforts to sell or refinance the Project on terms acceptable to the Investor Limited Partner. One such action may be to submit a written request to the Credit Agency of the State to find a Person to acquire the Partnership's interest in the Project and/or take such other action permitted or required by the Code as the Investor Limited Partner may reasonably request to effect a sale of the Project pursuant to a "qualified contract" under Section 42(h)(6)(F) of the Code or to terminate the Extended Use Agreement. Any proposal either from the Credit Agency or from another buyer of the Project which is acceptable to the Investor Limited Partner and the Lenders shall be accepted by the Partnership.

K. The General Partners, with the advice and Consent of the Investor Limited Partner shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that 50% or more of the aggregate basis of each of the Buildings (including site improvements) and the Land attributable thereto is financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap.

L. In the event that the Investor Limited Partner shall give notice to the General Partners that in the reasonable judgment of the Investor Limited Partner depreciation deductions will no longer be allocated to the Investor Limited Partner as a result of the treatment of the Development Amount and accrued interest thereon or any other Partnership indebtedness as a

recourse obligation or partner nonrecourse obligation ("Related Party Financing"), then the General Partners shall take all such action as may be necessary to assure that any outstanding balance of such Related Party Financing shall constitute a Partnership Nonrecourse Liability and the Investor Limited Partner shall give its Consent to allow the General Partners to take all necessary action, provided such action does not have any negative tax consequences for the Partnership or the Investor Limited Partner. One such action may be the assignment of the outstanding balance of such Related Party Financing to an Entity which is not a Related Person.

M. The General Partners shall cause all leases of Units in the Project to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in Units or common areas of the Project. In addition, the General Partners shall furnish such reports and implement such actions, if any, required under the provisions of Section 12.1F.

N. The General Partner will cause the Partnership to timely make the election under Section 42(b)(1)(A)(ii)(II) of the Code to fix the credit percentage at [_____]%.

O. At the sole cost and expense of the Partnership, the General Partner shall cause the Project to be insured in accordance with the requirements set forth below and in **Exhibit C** and shall cause the Partnership to obtain and maintain such other coverage as may be required from time to time by any Lender under the Mortgage Loan Documents or as may be reasonably required from time to time by the Limited Partners in order to comply with regular requirements and practices of the Limited Partners in similar transactions including, without limitation if and to the extent required by the Limited Partners, wind insurance and earthquake insurance, so long as any such insurance is generally available at commercially reasonable premiums as determined by the Limited Partners from time to time. Such policies shall include, at a minimum, the following:

(i) Insurance against casualty to the Property under a policy or policies covering such risks as are presently included in "special form" (also known as "all risk") coverage, including such risks as are ordinarily insured against by similar businesses, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke, vandalism, malicious mischief and acts of terrorism. Such insurance will list "*Bank of America, N.A., a national banking association, as Investor Limited Partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Limited Partner, and each of their successors and assigns, as their interests may appear*" as additional named insured's and loss payees. Unless otherwise agreed in writing by Limited Partner, such insurance will be for the full insurable value of the Property, with a deductible amount, if any, in accordance with the standards set forth on **Exhibit C** and satisfactory to the Investor Limited Partner. No policy of insurance will be written such that the proceeds thereof will produce less than the minimum coverage required hereunder by reason of co-insurance provisions or otherwise. The term "full insurable value" means 100% of the actual replacement cost of the Property (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items). Such insurance will also include:

(a) personal property coverage for building and contents owned by the Partnership, all subject to a maximum $5,000 deductible amount;

(b) rent loss insurance in an amount equal to annual rental income; and

(c) boiler and machinery insurance on a comprehensive form basis, including repair and replacement coverage and rent loss coverage meeting the requirements of subparagraph (b) above with mechanical breakdown extension, provided that such boiler and machinery insurance is not necessary if the Project does not contain a boiler or other machinery which is covered by such insurance, or the perils which are insured by such boiler and machinery insurance are covered by other insurance maintained by the Partnership and such coverage is demonstrated to Investor Limited Partner's reasonable satisfaction.

(ii) Comprehensive (also known as commercial) general liability insurance on an "occurrence" basis against claims for "personal injury" liability and liability for death, bodily injury and damage to property, products and completed operations, in limits satisfactory to Lender with respect to any one occurrence and the aggregate of all occurrences during any given annual policy period, with a minimum combined single limit of $5,000,000. Such insurance will list "*Bank of America, N.A., a national banking association, as Investor Limited Partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Limited Partner, and each of their successors and assigns, as their interests may appear*" as additional named insured's and loss payees.

(iii) During any period of construction upon the Property, the General Partner will cause the Partnership to maintain, or cause others to maintain, builder's risk insurance (non-reporting form) of the type customarily carried in the case of similar construction for 100% of the full replacement cost of work in place and materials stored at or upon the Property.

(iv) If at any time any portion of any structure on the Property is insurable against casualty by flood and is located in a Special Flood Hazard Area under the Flood Disaster Protection Act of 1973, as amended, a flood insurance policy in form and amount acceptable to Limited Partner but in no amount less than the amount sufficient to meet the requirements of applicable Law as such requirements may from time to time be in effect.

(v) Loss of rental value insurance or business interruption insurance in an amount acceptable to Limited Partner, for a minimum 12 month period, or until the Units have been brought back to their original state, plus an extended period of indemnity for at least three (3) additional months to re-lease the repaired Units.

(vi) In addition to the foregoing, the General Partner will cause the Builder to provide and maintain comprehensive (commercial) general liability insurance and workers' compensation insurance for all employees of the Builder meeting, respectively, the requirements hereunder.

Each policy of insurance (i) must be issued by one or more insurance companies each of which must have an A.M. Best's Company financial and performance rating of A-IX or better and be qualified or authorized by the Laws of the State to assume the risks covered by such policy, (ii) must provide that such policy will not be canceled or modified without at least 30 days (10 days in the case of nonpayment of premiums) prior written notice to Investor Limited Partner, and (iii) will provide that any loss otherwise payable thereunder will be payable notwithstanding any act or negligence of the Partnership or the General Partner which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment. The General Partner may satisfy any insurance requirement hereunder by providing one or more "blanket" insurance policies, subject to the Investor Limited Partner's approval in each instance as to limits, coverages, forms, deductibles, inception and expiration dates, and cancellation provisions.

P. The General Partner shall review regularly all of the insurance coverages to insure that all such policies are in effect and in compliance with the terms of this Agreement and the Mortgage Loan Documents. The General Partner will cause the Partnership to promptly pay all premiums when due on such insurance and, not less than 15 days prior to the expiration dates of each such policy, the General Partner will deliver to the Investor Limited Partner acceptable evidence of insurance, such as a renewal policy or policies marked "premium paid" or other evidence satisfactory to the Investor Limited Partner reflecting that all required insurance is current and in force. The General Partner will immediately give written notice to the Investor Limited Partner of any cancellation of, or change in, any insurance policy. From time to time following the Admission Date, the General Partner shall deliver to the Special Limited Partner such further certificates or memoranda of insurance as the Special Limited Partner may reasonably require to confirm that such insurance and notice provisions with respect to insurance under this Agreement have been complied with. The Investor Limited Partner will not, because of accepting, rejecting, approving or obtaining insurance, incur any liability for (i) the existence, nonexistence, form or legal sufficiency thereof, (ii) the solvency of any insurer, or (iii) the payment of losses.

Q. The General Partner shall have the following duties and obligations with respect to a casualty or condemnation affecting all or a portion of the Project:

(i) In the event of any fire or other casualty to the Project (or any portion thereof) or any eminent domain or similar proceedings resulting in any condemnation or taking of the Project (or any portion thereof), the General Partner will promptly give the Investor Limited Partner written notice thereof. To the extent Net Proceeds are available for rebuilding or restoration (net of expenses reasonably incurred in obtaining such proceeds and subject to the rights and any applicable approval of the Lenders and if necessary, the lessor under the Ground Lease), the General Partner will rebuild or restore the Project, as the case may be, in such a manner as will as fully as possible implement the Initial Economic Projections or the Revised Economic Projections, if applicable. Any Net Proceeds that are not fully expended in such rebuilding or restoring will constitute Capital Transaction proceeds. In connection with any such rebuilding or restoring, the General Partner will seek legal, tax, and accounting counsel and take all necessary or advisable steps to preserve as fully as possible the Initial Economic Projections or the Revised Economic Projections, if applicable.

(ii) Notwithstanding the provisions of subparagraph (i) above, if it is impossible or unlikely that rebuilding or restoring the Project (or the affected portion thereof) can be accomplished with the Insurance Proceeds or Condemnation Awards available therefor, or if the projected tax benefits to the Investor Limited Partner from rebuilding or restoring the Project would be substantially equivalent to or less than the tax benefits to Investor Limited Partner without rebuilding or restoring the Project, then, subject to the provisions of subparagraph (iii) below, the General Partner will refrain from rebuilding or restoring the Project and proceed to utilize any Net Proceeds as proceeds of a Capital Transaction.

(iii) The Investor Limited Partner, by written notice to the General Partner, may elect to cause the Partnership to rebuild or restore the Project (or the affected portion thereof) under the circumstances described in subparagraph (ii) if the reason that subparagraph (ii) is applicable is because it is impossible or unlikely that rebuilding of the Project can be accomplished with the amount of the Insurance Proceeds or Condemnation Proceeds available therefor provided and on the condition that the Investor Limited Partner agrees to provide such additional amounts as the Investor Limited Partner may deem necessary to cover such deficit. In such event, the General Partner will rebuild or restore the Project as provided in subparagraph (i) above to the extent feasible given the amount of funds available for such rebuilding or restoring. Any funds provided by the Investor Limited Partner under this subparagraph (iii) will be deemed to be additional Capital Contributions to the Partnership by the Investor Limited Partner which will have a priority return as set forth in Sections 10.1A and 10.1B.

(iv) In the event of any casualty or taking of the Project or any portion thereof, except under circumstances in which portions of the Project are unaffected by the casualty or condemnation or are rebuilt or restored as contemplated under this Section 6.4Q, the General Partner will, unless the Investor Limited Partner consents in writing to an alternative proposal, proceed to terminate and liquidate the Partnership, sell Partnership assets, repay indebtedness, and distribute proceeds of Capital Transactions to the Partners as provided in Section 10.2. In the event of a rebuilding or restoration, the General Partner will have no obligation to enter into construction or rehabilitation contracts at a price exceeding the amount of the Net Proceeds available for rebuilding or restoring.

(v) Nothing contained in this Section 6.4Q will be construed to affect the General Partner's liability for any failure to provide insurance to the full extent required under this Agreement. Notwithstanding the provisions of this Section 6.4Q, the General Partner and Guarantor shall be responsible for the costs of rebuilding or restoring the Project as a result of any uninsured casualty. For purposes of this Section 6.4Q(v), any casualty loss which is uninsured because the General Partner requested and the Investor Limited Partner approved a waiver from the insurance requirements set forth in this Agreement, shall be deemed to be an uninsured casualty for which the General Partner and Guarantor bear sole responsibility.

(vi) The General Partner acknowledges that the Investor Limited Partner will not be obligated to approve any Mortgage Loan Document which restricts the use of

Insurance Proceeds and Condemnation Awards regarding restoration and reconstruction of the Project in a manner which is inconsistent with the provisions of this Section 6.4Q.

R. The General Partner will make the election under Section 168(k)(2)(D)(iii) of the Code to elect out of "bonus depreciation" for any personal property and site work costs which are placed in service in any year.

S. 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 Project pursuant to California Revenue & Taxation Code Section 214(g) ("RTC"); provided, however, the Managing General Partner shall not be obligated to execute any certifications with respect thereto unless the Managing General Partner receives evidence reasonably satisfactory to it that the Partnership is in compliance with the BOE requirements therefor. If the application and/or qualification process for such real property tax exemption is delayed due to events or circumstances outside of Managing General Partner's control, 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 events or circumstances cause the delay, but in no event so long as to result in the disqualification of the Project for such real property tax exemption. The parties acknowledge that the savings ("Property Tax Savings") contemplated by the welfare exemption provided by Section 214(g) of the California Revenue and Taxation Code ("Property Tax Exemption"), as amended and as further defined in the rules and regulations (the "Property Tax Rules") of the California State Board of Equalization (the "BOE"), are necessary in order for the Partnership to meet its debt underwriting and financing assumptions, and therefore to keep the Project affordable to low-income tenants. The parties further acknowledge that the Partners would not undertake to develop the Project and provide the affordable housing created by it unless the Property Tax Savings were available to help underwrite the Loans. The Partners shall use their best efforts to maintain the Property Tax Exemption during the life of the Partnership. As provided in the RTC, the Property Tax Rules, BOE forms and elsewhere, in order to obtain and maintain the Property Tax Exemption for the Project, the Managing General Partner must file with the BOE and the Assessor of the county in which the Property is located ("County Assessor") certain documents containing certifications under penalty of perjury. Among other things, the Managing General Partner will or may have to certify that: (i) this Agreement provides (subject to the rights of the other Partners) that the Managing General Partner has full and exclusive control over the business, assets and affairs of the Partnership, manages day to day operations and participates in Major Decisions; (ii) the Agreement provides that the Managing General Partner has a certain number of Substantial Management Duties; and (iii) the Managing General Partner, the Partnership and the Project meet other requirements of the Property Tax Rules. The Partners acknowledge that such certifications require that the Managing General Partner attest to certain matters related to the management of the Partnership under penalty of perjury. The Limited Partners agree to provide the Managing General Partner, with all necessary information, documentation and/or certifications reasonably required by the Managing General Partner in order to allow the Managing General Partner to determine that the requirements of such certifications have been met. If they so determine, then the Managing General Partner shall execute such certifications and related documentation in timely fashion. The Managing General Partner shall file such certifications and related documentation in compliance with applicable procedures, for so long as the Managing General Partner deems that it has sufficient factual basis to do so, beginning in the

year that the Project is first eligible for the Property Tax Exemption as determined by the BOE or the County Assessor.

T. The Managing General Partner shall provide regular, continuous and substantial services to the Partnership and shall be the "managing general partner" of the Partnership, as such term is used in the Property Tax Exemption and as further defined in the Property Tax Rules, specifically, BOE Property Tax Rule 140.1(a)(6). 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, 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. In so doing, the Managing General Partner shall take all actions necessary or appropriate to protect the interests of the Partners and of the Partnership. The Managing General Partner shall devote such of its time as is necessary to the affairs of the Partnership.

U. Notwithstanding anything to the contrary contained herein, the Managing General Partner shall undertake the following substantial management duties ("Substantial Management Duties") on behalf of the Partnership:

(1) Rent, maintain and repair the Project, or if such duties are delegated to a property management agent, participate in the hiring and overseeing the work of such agent;

(2) Acquire, hold, assign, or dispose of the Project or any interest in the Project;

(3) Borrow money on behalf of the Partnership, encumber the Partnership's assets, placing title in the name of a nominee to obtain financing, prepare items in whole or in part, in connection to refinancing, increasing, modifying or extending any obligation;

(4) Determine the amount and timing of distributions to Partners and establish and maintain all required Reserves;

(5) Participate in hiring and overseeing the work of all persons necessary to provide services for the management and operation of the Partnership;

(6) Execute and enforce all contracts executed by the Partnership;

(7) Execute and deliver all Partnership documents on behalf of the Partnership; and

(8) Prepare or cause to be prepared all reports to be provided to the Partners or Lenders of the Partnership on a monthly, quarterly or annual basis consistent with the requirements of this Agreement.

The Managing General Partner shall 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:

accounting books and records;

tax returns;

budgets and financial reports;

reports required by Lenders;

documents related to the construction of the Project;

legal documents such as contracts, deeds, notes, leases, and deeds of trust;

documents related to complying with government regulations and filings;

documents related to property inspections;

documents related to charitable services or benefits provided or the information provided regarding such services or benefits;

reports prepared for the Partners;

bank account records;

audited annual financial statement of the Partnership; and

the Management Agreement.

To the extent that any such Management Documents are not within the control or possession of the Managing General Partner, the Limited Partners agree 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 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 with respect to the Project.

V. In the event there is more than one General Partner and this Agreement provides for an action on the part of the General Partner requiring a unanimous vote of all General Partners to effect such action ("Major Decision"), the General Partners requesting a Major Decision shall give the other General Partners written notice of any Major Decision and the other General Partner shall provide its 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.

W. The Managing General Partner shall annually conduct a physical inspection of the Project to ensure that the Project is being used as low-income housing and meets all of the requirements applicable to the Property Tax Exemption provided for under the Property Tax Rules.

X. [Reserved]

Y. Any Property Tax Savings to the Partnership and to the Project attributable to the Property Tax Exemption shall be used to maintain the affordability of the units occupied by lower income individuals or otherwise passed on to the low-income tenants at the Project in accordance with all applicable provisions of the Property Tax Exemption and the Property Tax Rules.

Z. Notwithstanding anything contained in this Agreement to the contrary, the Managing General Partner may delegate its Substantial Management Duties only in the event that such a delegation is to persons who, under its supervision, perform such duties for the Partnership. If the Managing General Partner elects to delegate one or more of its Substantial Management Duties, then the Managing General Partner shall maintain appropriate records to demonstrate that it is actually supervising the performance of the delegated duties.

AA. At all times during the term of the RAD HAP Contract and the RAD Use Agreement, the Partnership shall develop, operate and maintain the Project in accordance with the RAD Requirements. Notwithstanding any provision to the contrary herein, in the event of a conflict or inconsistency between a provision contained in this Agreement, and any requirement set forth in the RAD Requirements, the RAD Requirements shall in all instances be controlling.

Section 6.5 Representations, Warranties and Covenants

A. The General Partners hereby represent and warrant to the Investor Limited Partner that the following are true as of Investment Closing, will be true on the due date for payment of each Installment and at all times hereafter:

(i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all recording requirements with each proper Governmental Agency necessary to establish the limited liability of the Limited Partners as provided herein.

(ii) No litigation or proceeding against the Partnership, any General Partner, Guarantor, the Builder or the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other Governmental Agency which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(iii) No default by any General Partner, any Affiliate thereof having any relationship with the Project, or the Partnership, in any material respect has occurred or is

continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the Project Documents.

(iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(v) All accounts and reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

(vi) Except for carve-outs in the Mortgage Loan Documents related to situations involving fraud or willful misrepresentation, the failure to pay taxes, the misappropriation of funds, and similar commercially reasonable exceptions that are standard in transactions of this type, no Partner, nor any related person, bears any Economic Risk of Loss with respect to any of the Mortgage Loans (except for the Construction Loan, the Authority Loan, and the Sponsor Dignity Health Loan) or, with the exception of any Deferred Development Amount, any other indebtedness incurred by the Partnership.

(vii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) and neither the Partnership nor any General Partner has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any Governmental Agency having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(viii) The Partnership owns the leasehold interest in the Property and has good and marketable title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, matters set forth in the Title Policy delivered at Investment Closing, encumbrances the Partnership is permitted to create under Sections 2.4 and 6.1, and mechanics' or other liens which have been bonded or insured against in such a manner as to preclude the holder of such lien or such surety or insurer from having any recourse to the Property or the Partnership for payment of any debt secured thereby. None of the liens, charges, encumbrances or exceptions set forth in the Title Policy delivered at Investment Closing has or will have a material adverse effect upon the construction or operation of the Project.

(ix) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Partnership or the Property by any General Partner or an Affiliate thereof which is an Entity have been or will be duly authorized by all necessary action, and the consummation of any such transactions with or on behalf of the Partnership will not

constitute a breach or violation of, or a default under, the organizational documents of any such Entity or any agreement by which any such Entity or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree. Each such Entity is duly organized and validly existing under the law of the state of its organization.

(x) No General Partner is in default in any material respect in the observance or performance of any provision of this Agreement to be observed or performed by such General Partner.

(xi) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor or the Developer.

(xiii) The Project will qualify for the Tax Credits and will qualify, on and after the Completion Date, as a "qualified low-income housing project" under Section 42(g) of the Code and all Low Income Units in the Project will qualify as "low income units" under Section 42(i)(3) of the Code.

(xiv) The Project will be operated so that it will meet (and an appropriate election has been or will be made with respect to) the "40-60" set-aside test set forth in Section 42(g)(1)(B) of the Code (the "**Minimum Set-Aside Test**") as of the dates established by Section 42(g)(3) of the Code and at all times thereafter through the end of the Compliance Period. The Partnership will elect to treat all of the Buildings comprising the Project as a single project for purposes of satisfying the Minimum Set-Aside Test.

(xv) All tax returns, financial statements, Schedules K-1 and reports due under Section 12 and **Exhibit K** have been properly filed and/or transmitted, as applicable.

(xvi) No General Partner, Affiliate of a General Partner, or Person for whose conduct any General Partner is or was responsible has ever: (i) directly or indirectly transported, or arranged for transport, of any Hazardous Material to, at or from the Project (except if such transport was or is at all times in compliance with applicable Hazardous Waste Laws); (ii) caused or was legally responsible for any release or threat of release of any Hazardous Material at the Project; (iii) received notification from any federal, state or other Governmental Agency of (x) any potential, known, or threat of release of any Hazardous Material from the Project; or (y) the incurrence of any expense or loss by any such Governmental Agency or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project.

(xvii) To the best of the General Partners' knowledge, except as shown in the Environmental Report, no Hazardous Material was ever or is now stored on, transported

or disposed of on the Land (except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws).

(xviii) No General Partner, Affiliate of a General Partner, shareholder of a General Partner, director of a General Partner, officer of a General Partner or manager of a General Partner has ever (i) been convicted of a crime; (ii) had a judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xix) There are currently no criminal or civil actions or administrative proceedings pending against the General Partners or their Affiliates, shareholders, directors, officers or managers.

(xx) The Adjusted Aggregate Federal Low Income Tax Credit Amount is projected to be at least $[25,018,036].

(xxi) Each of the representations and disclosures made by the Partnership to the Credit Agency in the Tax Credit Application upon which the Credit Agency's Credit Approval was based, is true and correct as of the date hereof. Each of the covenants, agreements, and conditions contained in the Credit Application and the Credit Approval have been duly performed or satisfied by the Partnership or the General Partner, as applicable, to the extent that performance of any such covenant or agreement or satisfaction of any conditions is required on or prior to the date hereof, and the General Partner has no reason to believe that the covenants, agreements, and conditions required to be performed or satisfied after the date hereof will not be performed or satisfied in a timely manner.

(xxii) Fifty percent (50%) or more of the aggregate basis of each of the Buildings and the Land attributable thereto will be financed with an obligation the interest on which is exempt from tax under Section 113 of the Code and which is within the State's volume cap as provided in Section 146 of the Code, and the General Partner has not and will not redeem any Bonds or repay any portion of the Bond Loan until the Completion Date has occurred and the Partnership has achieved Fifty Percent Test Qualification.

(xxiii) If, as of the Completion Date, the percentage of the aggregate basis of the Land and Buildings (including site improvements) funded by the Construction Loan would be less than 50% (as defined for purposes of Section 42(h)(4)(B) of the Code, the Development Amount shall be reduced to the extent necessary to assure such percentage would not be less than 50% as of such date.

(xxiv) No employees shall be engaged by the Partnership.

(xxv) The fees payable by the Partnership to the General Partner or its Affiliates, as set forth herein or the other Project Documents, are reasonable in amount and ordinary and customary in nature for the services to be provided, reflect the value of the services to which the fees relate, and are consistent with those paid in other similar projects of

which the General Partner and its Affiliates have knowledge. Such fees have been or will be disclosed to the Credit Agency for the purpose of the determination by the Credit Agency of the financial feasibility and viability of the Property pursuant to Section 42(m)(2) of the Code.

(xxvi) Other than as a condition precedent to the Conversion Date, none of the Mortgage Loans are subject to covenants requiring maintenance of specified debt service coverage or loan-to-value ratios.

(xxvii) None of the General Partners nor any of their controlling principals are on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of Treasury.

(xxviii) No Disqualifying Event has occurred and is continuing.

(xxix) The General Partners shall cause the Partnership to:

(a) maintain its books and records separate from those of any other Person or Entity, including the General Partners or any Affiliates of the Partnership;

(b) except as specifically permitted by the Project Documents, not commingle assets with those of any other Entity, including its General Partners or any Affiliates of the Partnership;

(c) conduct its own business in its own name or the name of the Project so as not to mislead others as to the identity of such Entity;

(d) maintain separate financial statements from any other Person or Entity, including the General Partners or any Affiliates of the Partnership;

(e) except as specifically permitted by the Project Documents or this Agreement, pay its own liabilities out of its own funds;

(f) observe all partnership formalities including without limitation holding all meetings and obtaining all consents required by this Agreement;

(g) maintain an arm's-length relationship with its Affiliates;

(h) except as specifically permitted by the Project Documents, not guarantee or become obligated for the debts of any other Entity or hold out its credit as being available to satisfy the obligations of others, including the General Partners or any Affiliates of the Partnership;

(i) allocate fairly and reasonably any overhead for shared office space or other similar expenses;

(j) use invoices and checks separate from any other Person or Entity, including the General Partners or any Affiliates of the Partnership; and

(k) hold itself out as and operate as an Entity separate and apart from any other Entity, including the General Partners or any Affiliates of the Partnership.

(xxx) There will be no real estate transfer taxes due to the State or any other Governmental Agency as a result of the admission of the Investor Limited Partner to the Partnership or any subsequent direct or indirect Transfer of ownership interests in the Investor Limited Partner.

(xxxi) The General Partners represent that the land that is the subject of the Environmental Reports is the same land that is described in Schedule A of the Title Policy.

(xxxii) The General Partner will give prompt notice to the Investor Limited Partner of any casualty or any condemnation or threatened condemnation of the Property. The General Partner will diligently assert the Partnership's rights and remedies with respect to each claim and promptly pursue the settlement and compromise of each claim subject to the Consent of the Investor Limited Partner, which Consent will not be unreasonably withheld or delayed.

(xxxiii)Except with the Consent of the Limited Partner, and subject to the rights of any Lender, Net Proceeds will be utilized for the restoration of the Property. Unless otherwise required by Lender, Net Proceeds pending the restoration of the Property, together with any other funds deposited with the Investor Limited Partner for that purpose, must be deposited in an interest-bearing account approved of by the Investor Limited Partner.

(xxxiv) Neither the General Partner nor the Partnership will do or permit to be done anything that would affect the coverage or indemnities provided for pursuant to the provisions of any insurance policy, performance bond, labor and material payment bond or any other bond given in connection with the construction of the Improvements.

(xxxv) The General Partners will cause the Completion Date to occur on or before the earlier of August 1, 2021 (as reasonably extended for reasons of *force majeure*) and the earliest date required under any of the Mortgage Loan Documents or the Ground Lease.

(xxxvi)The Ground Lease is in full force and effect and has not been modified, supplemented or amended in any way. The Ground Lease sets forth the entire agreement between the Authority and the Partnership as lessee with respect to the leasing of the Project. This Partnership has not waived, surrendered or forfeited any of its rights under the Ground Lease. The Authority has received payment of all required rent and other sums due under the Ground Lease through the date of this Agreement. The Authority has not delivered or received any notices of default under the Ground Lease that remain uncured, and there is no default under the Ground Lease on the part of the Partnership. General Partner is not aware of the occurrence or non-occurrence of any event that, with notice or the passage of time, or both, would constitute such a default. A Limited Partner may, but shall not be obligated to, cure any default under the Ground Lease. Any sums

expended by a Limited Partner in doing so shall constitute a loan by the Limited Partner to the Partnership, bearing interest at 10% per annum (or, if lower, the maximum rate permitted by law), compounded quarterly, and shall be immediately due and payable. To the best of the General Partner's knowledge, the Authority has no defenses, set-offs, or bases for claims or counterclaims against the Partnership for any failure of performance of any of the terms of the Ground Lease. To the best of the General Partner's knowledge, there is no default under the Ground Lease on the part of the Authority. Other than the RAD Use Agreement, the Sponsor AHSC Regulatory Agreement, and the Regulatory Agreement executed in connection with the Bonds, there are no mortgages, deeds of trust or other liens or security interests encumbering Authority's fee interest in the Project that are senior in priority to the Ground Lease.

(xxxvii) All of the representations and warranties set forth in the Closing Certificate are true and correct.

Section 6.6 Indemnification

A. Each General Partner (including any Retired General Partner) shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by them or it in connection with the Partnership, *provided that* the same were not the result of negligence or misconduct on the part of any General Partner or any of its Affiliates and were the result of a course of conduct which such General Partner, in good faith, determined was in the best interest of the Partnership. Any indemnity under this Section 6.6A shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof; *provided, however*, that no indemnification shall be provided for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

B. The Partnership shall not incur the cost of that portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.

C. The General Partners and Class A Limited Partners agree promptly to indemnify, defend and hold harmless the Partnership, the Investor Limited Partner, and the Special Limited Partner from and against any and all claims, losses, damages, costs, expenses and liabilities which the Partnership, the Investor Limited Partner, and the Special Limited Partner may incur by reason of any liabilities to which either the Partnership or the Project is subject at the Investment Closing; *provided, however*, that the foregoing indemnification shall not apply to any Mortgage, necessary contractual obligations normally incurred in connection with the Property, or to acts for which such General Partners are entitled to indemnification under Section 6.6A.

D. The General Partners and Class A Limited Partners agree to promptly indemnify, defend, and hold harmless the Partnership, the Investor Limited Partner, and the Special Limited Partner from and against any claims, losses, damages, costs, expenses or liabilities which the Partnership, the Investor Limited Partner, and the Special Limited Partner may incur on account of the presence or escape of any Hazardous Material at or from the Property (or at any other location). Any such claims, losses, damages, costs, expenses or liabilities may be defended, compromised, settled, or pursued by the Investor Limited Partner, and the Special Limited Partner with counsel of such Limited Partners' selection, but at the expense of the General Partners and the Class A Limited Partners. The foregoing indemnification shall be a recourse obligation of the General Partners and Class A Limited Partners and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner or any Class A Limited Partner.

E. The General Partners and Class A Limited Partners shall defend, indemnify and hold harmless the Partnership, the Investor Limited Partner, and the Special Limited Partner from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of the General Partners', the Class A Limited Partners' or any Designated Affiliate's negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation any breach by any General Partner, any Class A Limited Partner, or any Designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Partnership from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the General Partners and Class A Limited Partners and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner or any Class A Limited Partner.

F. The Investor Limited Partner and the Special Limited Partner shall be indemnified by the Partnership against any third-party claims or costs sustained or incurred by it in connection with its involvement in the Partnership, ***provided*** ***that*** the same were not the result of any improper action or omission on the part of such Limited Partner or any Affiliate thereof.

G. The General Partners and Class A Limited Partners agree promptly to indemnify, defend and hold harmless the Partnership, the Investor Limited Partner, and the Special Limited Partner from and against any and all claims, losses, damages, costs, expenses and liabilities (including adverse tax consequences) which the Partnership, the Investor Limited Partner, and the Special Limited Partner may incur by reason of any failure to cause the Partnership to make the election under Section 42(b)(1)(A)(ii)(II) of the Code to fix the credit percentage at [_____]%.

Section 6.7 Obligation to Complete Construction and to Pay Development Costs

The General Partner shall (i) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's or similar liens, and shall equip the Improvements or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal

property, including refrigerators and ranges, all in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract and (ii) cause the Partnership to satisfy any other requirements necessary to achieve Final Closing in accordance with the Project Documents. If the Designated Proceeds as available from time to time are insufficient to pay all Development Costs, the General Partner shall advance or cause to be advanced to the Partnership from time to time as needed all such funds as are required to pay such deficiencies. Any such advances ("Development Advances") shall, to the extent permitted under the Project Documents and any applicable Regulations or requirements of the Lenders and the Agency (or otherwise with any Requisite Approvals), be reimbursed at or prior to the Development Obligation Date (or, in the case of proceeds of Capital Contributions, through the date on which such Capital Contributions are received by the Partnership) only out of Designated Proceeds available from time to time after payment of all Development Costs. Any balance of the amount of each Development Advance not reimbursed through the Development Obligation Date (or, in the case of proceeds of Capital Contributions, through the date on which such Capital Contributions are received by the Partnership) shall be reimbursable as an "Operating Expense Loan" pursuant to Article X hereof.

Section 6.8 Obligation to Provide for Operating Expenses

A. During the period (the "Guaranty Period") commencing on the Admission Date and ending on the sixty (60) month anniversary of the later to occur of (A) the Development Obligation Date or (B) achievement of a 1.15 to 1.00 Debt Service Coverage Ratio for a period of twelve (12) consecutive calendar months commencing at Final Closing, the General Partners agree that if the Partnership requires funds to discharge Operating Expenses (other than to make payments to Partners, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds from a Capital Transaction), and such funds are unavailable from the Operating Reserve in accordance with section 6.11B, the General Partners shall furnish to the Partnership the funds required. Notwithstanding the foregoing, the obligation to make such Operating Expense Loans shall not terminate unless and until (1) the Operating Reserve shall have been replenished to at least its originally required balance, (2) the average Debt Service Coverage Ratio for the twelve (12) month period prior to the date of termination must be at least 1.15 to 1.00, and (3) the Subsidy Contract shall be in full force and effect. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions. Amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date shall constitute Operating Expense Loans. Operating Expense Loans shall not bear interest and be repayable only as provided in Article X. Notwithstanding the foregoing, however, the General Partners shall not be obligated to make Operating Expense Loans under this Section 6.8A to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed $[1,200,617] (the "Operating Loan Cap"). Operating Expense Loans may be funded and subsequently repaid in whole or in part by the Partnership, and the General Partner's obligation to make additional Operating Expense Loans will be reinstated to the extent that any Operating Expense Loans have been repaid.

B. In addition to the obligations set forth in Section 6.8A, the General Partner agrees that if at any time during the Compliance Period the Partnership is required to pay real estate taxes in excess of those contemplated by the Tax Exemption other than due to a Change in Law

("Excess Real Estate Taxes") and as a result of incurring such Excess Real Estate Taxes the Property experiences an Operating Deficit, then the General Partner shall furnish to the Partnership the funds required to pay such Operating Deficit, not to exceed the amount of the Excess Real Estate Taxes. Amounts so furnished by the General Partner shall be deemed Operating Expense Loans and will be repaid as set forth in Article X. Any amount paid pursuant to this Section 6.8B shall not count toward the satisfaction of the $[1,200,617] Operating Expense Loan obligation set forth above in Section 6.8A.

Section 6.9 Certain Payments to the General Partners and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. In consideration of its services in the day-to-day administration of the business affairs of the Partnership, the General Partners shall receive the Partnership Management Fee. Such fee shall be payable in accordance with the Partnership Management Agreement and Article X.

C. All of the Partnership's expenses shall be billed directly to, and paid by, the Partnership to the extent practicable. Subject to the terms of this Agreement, reimbursements to a General Partner or any of its Affiliates by the Partnership shall be allowed subject to the following conditions:

(i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Partnership;

(ii) reimbursement for goods or services provided by Persons who are not affiliated with a General Partner shall not exceed the cost to a General Partners or their Affiliates of obtaining such goods or services; and

(iii) reimbursement for goods and services obtained directly from a General Partner or its Affiliates shall not exceed the amount the Partnership would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the General Partners or their Affiliates (including salaries and benefits of employees thereof).

D. Neither the General Partners nor any of their Affiliates shall be entitled to any compensation, fees or Profits from the Partnership in connection with the acquisition, construction, development or rent-up of the Land or Improvements or for the administration of the Partnership's business or otherwise, except for (i) payments provided for or referred to in Sections 2.4(v) or 6.9, (ii) payments of the Management Fee and the Partnership Management Fee, (iii) fees and distributions under Article X, (iv) such other fees and distributions as may be permitted to be paid by any Lender or the Governmental Agency out of the proceeds of any Mortgage Loan, (v) payments to the Builder under the Construction Contract, and (vi) payments to [_____] in connection with that certain [Supportive Services Contract].

Section 6.10 Joint and Several Obligations

If there is more than one General Partner, all obligations of the General Partners hereunder shall be joint and several obligations of the General Partners, except as herein expressly provided to the contrary.

Section 6.11 Reserve Accounts

A. The General Partners shall establish a reserve account for capital replacements (the "Replacement Reserve"), which account shall be funded by monthly deposits of $[7,666.67], which amount equals $[500] per unit per year (or such greater amount as may be required by any Lender or, subject to any Requisite Approvals, such lesser amount as shall be approved in writing by the Special Limited Partner from time to time), commencing on Final Closing. Withdrawals from such reserve shall be utilized solely to fund capital repairs and improvements deemed necessary by the General Partners. Subject to any Requisite Approvals, no portion of the Replacement Reserve may be distributed to the Partners or applied for purposes other than the purposes for which such reserve was established.

B. The General Partners shall cause the Partnership to establish a reserve account for Operating Deficits (the "Operating Reserve") in the initial amount of $[600,309]. The Operating Reserve shall be funded in the first instance from the proceeds of the Third Installment of the Capital Contributions of the Investor Limited Partner; *provided*, *however*, that if for any reason such proceeds shall be insufficient to fully fund the Operating Reserve at such time, the General Partners shall promptly fund any such shortfall. Any amount so furnished by the General Partners shall constitute a Special Capital Contribution. Funds in the Operating Reserve may be used to pay, to the extent required, Operating Expenses, subject to any Requisite Approvals and the Consent of the Investor Limited Partner, not to be unreasonably withheld, conditioned, or delayed. The Operating Reserve shall be maintained throughout the Compliance Period. Upon expiration of the Compliance Period, any funds remaining in the Operating Reserve shall be released in accordance with Section 10.1A. Subject to any Requisite Approvals, no portion of the Operating Reserve may be distributed to the Partners or applied for purposes other than the purposes for which such reserve was established.

C. The General Partner shall cause the Partnership to establish an additional reserve account in the amount of $[850,000] for Operating Deficits (the "Subsidy Shortfall Reserve") that may arise following a HAP Event. The Subsidy Shortfall Reserve shall be funded from the proceeds of the Third Installment of the Capital Contributions of the Investor Limited Partner and held in a Partnership account, provided, however, that if for any reason such proceeds shall be insufficient to fully fund the Subsidy Shortfall Reserve at such time, the General Partners shall promptly fund any such shortfall. Any amount so furnished by the General Partners shall constitute a Special Capital Contribution. Funds in the Subsidy Shortfall Reserve may be used to pay, to the extent required, Operating Deficits caused by a HAP Event, subject to any Requisite Approvals and the Consent of the Investor Limited Partner.

D. The General Partner shall cause the Partnership to establish an additional reserve account in the amount of $[42,000] for Operating Deficits in connection with the initial Lease-Up or in re-tenanting any vacated Units (the "Lease-Up Reserve"). The Lease-Up Reserve shall

be funded [on the Completion Date][from the proceeds of the Third Installment of the Capital Contributions of the Investor Limited Partner] and held in a Partnership account, provided, however, that if for any reason such proceeds shall be insufficient to fully fund the Lease-Up Reserve at such time, the General Partners shall promptly fund any such shortfall. Any amount so furnished by the General Partners shall constitute a Special Capital Contribution. Funds in the Lease-Up Reserve may be used to pay, to the extent required, Operating Deficits in connection with the initial Lease-Up or in re-tenanting any vacated Units, subject to any Requisite Approvals and the Consent of the Investor Limited Partner.

E. Reserve Spend-Down Plan. No sooner than 18 months, but no later than 12 months, prior to the end of the Compliance Period, or within 30 days after the Authority has delivered notice to Investor Limited Partner and General Partner that the Authority intends to exercise its option to purchase the Project (the "Option Exercise Notice"), the General Partner may submit to the Investor Limited Partner a plan for the use, during the remainder of the Compliance Period, of the calculated remaining Replacement Reserve, the Operating Reserve, the Subsidy Shortfall Reserve, and the Lease-Up Reserve (collectively, the "Remaining Reserves"). Such plan (the "Spend-Down Plan"), which is subject to Requisite Approvals, may include acceptable Project-related uses, including repaying Project debt and/or making capital improvements to the Project. The Investor Limited Partner will review the Spend-Down Plan and, so long as the Investor Limited Partner determines that (1) the proposed uses are for acceptable Project uses; (2) there is a sufficient amount in the Remaining Reserves to pay the costs of the Spend-Down Plan; and (3) the Spend-Down Plan is otherwise acceptable to the Investor Limited Partner's tax and accounting counsel and all other Requisite Approvals have been obtained, the Investor Limited Partner will not unreasonably withhold its approval of the Spend-Down Plan. The determination by the Investor Limited Partner of the amount of the Remaining Reserves will be based on the then-current cash balances in the Reserve Accounts, reduced by:

(1) any portion of the Reserve Accounts already ear-marked for specific expenditures;

(2) a reasonable determination made by the Investor Limited Partner of the amount, if any, of Remaining Reserves that will be needed to pay for Operating Deficits that may occur prior to the end of the Compliance Period;

(3) a calculation of the estimated exit taxes that will be required to be paid as part of the purchase price pursuant to the Purchase Option referenced in Section 6.4J hereof;

(4) a calculation of the estimated disposition costs of the Project or the Limited Partner's Partnership Interest in the Project, including without limitation any exit taxes payable by Investor Limited Partner upon sale of the Project and dissolution of the Partnership; and

(5) a calculation of any outstanding adjuster due pursuant to Section 5.2 hereof that are required to be paid out of the sales proceeds.

The above reserves shall be held in segregated interest bearing accounts. Any failure to obtain any required approval of the Investor Limited Partner or failure to provide the Investor Limited Partner with proper notice shall constitute a default under this Agreement. Any interest earned with respect to any of the above reserve accounts shall be deposited into that respective reserve account for the benefit of the Partnership; provided, however, that in the event the Authority delivers the Option Exercise Notice prior to the end of the Compliance Period, but does not exercise its purchase option, then the General Partner shall cause any Remaining Reserves expended pursuant to the Spend-Down Plan to be fully replenished.

ARTICLE VII

WITHDRAWAL AND REMOVAL OF A GENERAL PARTNER

Section 7.1 Voluntary Withdrawal

No General Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber its Interest without the Consent of the Investor Limited Partner and any Requisite Approvals.

Section 7.2 Obligation to Continue

In the event of the Retirement of any General Partner, the remaining General Partners, if any, and any successor General Partner shall have the obligation to continue the business of the Partnership employing its assets and name. Immediately after the occurrence of such Retirement, the remaining General Partners, if any, shall notify the Investor Limited Partner thereof.

Section 7.3 Successor General Partner

A. Upon the occurrence of any Retirement, the remaining General Partners may designate a Person to become a successor General Partner to the Retired General Partner. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Limited Partner and, if required by the Uniform Act or any other applicable law, the consent of any other Partner so required, shall become a successor General Partner.

B. If any Retirement shall occur at a time when there is no remaining General Partner and no successor General Partner is to be admitted pursuant to Section 7.3A or the remaining General Partners do not elect to continue the business of the Partnership pursuant to Section 7.2, then the Investor Limited Partner shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor General Partner.

C. If the Investor Limited Partner elects to reconstitute the Partnership and admit a successor General Partner pursuant to this Section 7.3, the relationship of the Partners in the reconstituted Partnership shall be governed by this Agreement.

Section 7.4 Interest of Predecessor General Partner

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a General Partner shall have any automatic right to become a General Partner.

Until the acquisition of the Interest of a Retiring General Partner pursuant to Section 7.4C or 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any General Partner withdrawing voluntarily in violation of Section 7.1 shall remain liable for all of its obligations under this Agreement prior to withdrawal or removal, for all its other obligations and liabilities hereunder incurred or accrued prior to the date of its withdrawal and for any loss or damage which the Partnership or any of its Partners may incur as a result of such withdrawal (except as provided in Section 6.7), except for any loss or damage attributable to the default, negligence or misconduct of a successor General Partner admitted in its place under this Agreement.

C. The disposition of the General Partner Interest of a General Partner Retiring voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining General Partners, shall be approved by Consent of the Investor Limited Partner and shall have obtained any Requisite Approvals. Any other Retirement of a General Partner shall be governed by Section 7.7D.

Section 7.5 Designation of New General Partners

The General Partners may, with the written consent of all Partners, at any time designate new General Partners, each with such Interest as a General Partner in the Partnership as the General Partners may specify, subject to any Requisite Approvals.

Any new General Partner shall, as a condition of receiving any interest in the Partnership property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other General Partner.

Section 7.6 Amendment of Certificate; Approval of Certain Events

Upon the admission of a new General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.

Each Partner hereby consents to and authorizes any admission or substitution of a General Partner or any other transaction, including, without limitation, the continuation of the Partnership business, which has been authorized under the provisions of this Agreement, and hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7 Removal or Nonconsensual Retirement of the General Partners

A. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the General Partner in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one General

Partner, all General Partners may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any General Partner.

B. As used in this Section 7.7, "Material Default" means the occurrence of any of the following events:

(i) a breach by any General Partner (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement, which breach has or is likely to have a material adverse effect on the Partnership, the Investor Limited Partner or the Project;

(ii) a violation by any General Partner of any law, regulation or order applicable to the Partnership, or a material breach by the Partnership or any General Partner under any Project Document or other material agreement or document affecting the Partnership or the Project, which has or is likely to have a material adverse effect on the Partnership, the Investor Limited Partner or the Project;

(iii) an Event of Bankruptcy as to any General Partner, any Guarantor or the Partnership;

(iv) the commencement of foreclosure proceedings with respect to any Mortgage which have not been withdrawn or dismissed within thirty (30) days after the date of such commencement;

(v) gross negligence, fraud, willful misconduct, misappropriation of Partnership funds, or a breach of fiduciary duty by a General Partner or any Affiliate of a General Partner providing services to or in connection with the Partnership or the Project; or

(vi) failure by the General Partner during any time when the Partnership and the Project meet the other requirements of the Property Tax Rules to prepare or cause to be prepared properly and to deliver or cause to be delivered in its entirety any reporting required under this Agreement to maintain the Property Tax Exemption or failure by the General Partner to perform its Substantial Management Duties under Section 6.4U of this Agreement, in each case resulting from a loss of the Property Tax Exemption.

C. In the event that the Special Limited Partner determines to remove any General Partner pursuant to the provisions of this Section 7.7, the Special Limited Partner shall notify the General Partner in writing of the Material Default that is the cause for the removal of the General Partner (any such notice being referred to herein as a "Removal Notice" and the date of such Removal Notice being referred to herein as the "Removal Notice Date"). In the case of any Material Default described in clauses (i) or (ii) of Section 7.7B above, the General Partner shall have ten (10) business days (or twenty (20) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; *provided, however*, that if a non-monetary Material Default cannot be reasonably cured within twenty (20) business days, the General Partner shall not be removed if the General Partner commences such cure within twenty (20) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is

completed within sixty (60) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the General Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the General Partner shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Investor Limited Partner. The General Partner shall have no right to cure any Material Default described in clause (v) of Section 7.7B above. Each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing.

D. If a General Partner is removed pursuant to this Section 7.7, Retires voluntarily in violation of this Agreement or involuntarily Retires, the Partnership shall pay to such General Partner in the manner set forth in Section 7.7G an amount equal to (x) the sum of (i) an amount equal to the General Partner's positive Capital Account balance, if any, following a deemed sale of all Partnership property and a deemed liquidation of the Partnership (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the General Partner and/or its Affiliates in the manner described in Section 7.7E below <u>minus</u> (y) an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the General Partner prior to its removal or Retirement, including, without limitation, any Material Default creating the right of the Special Limited Partner to remove the General Partner pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal or Retirement and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal or Retirement shall be paid by the removed or Retired General Partner. The resulting amount is referred to herein as the "Withdrawal Purchase Price." Notwithstanding the foregoing, the Withdrawal Purchase Price shall not exceed the amount which the removed or Retired General Partner would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date or the date of Retirement (as applicable), based on the Appraised Value of the Project determined under Section 7.7F below.

E. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, voluntary Retirement of the General Partner in violation of this Agreement or involuntary Retirement of the General Partner, any fees owed to the General Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date or date of Retirement, as applicable, shall be part of the Withdrawal Purchase Price as described above, ***<u>provided</u>***, ***<u>however</u>***, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the Withdrawal Purchase Price as calculated pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the General Partner that relate to the period up to and including the effective date of the removal or Retirement of the General Partner, any such unpaid

fees owed to the General Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the General Partner (or such Affiliates) and applied by the General Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the General Partner (or such Affiliates) shall be reduced or eliminated, as the case may be.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten business days following the effective date of removal as specified in Section 7.7C above or the date of Retirement (as applicable), the General Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten business day period, the General Partner and the Special Limited Partner each shall select an Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in 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 percent (10%) of the lower of the two appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two determinations. If the third determination is either lower or higher than both of the other two appraisers, then the average of all three appraisers shall be the fair market value. The Partnership and the removed or Retiring General Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, voluntary Retirement of the General Partner in violation of this Agreement or involuntary Retirement of the General Partner, any Withdrawal Purchase Price due to the General Partner pursuant to the provisions of Section 7.7D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses *First* and *Second* of Section 10.1B.

H. Upon determination of the Withdrawal Purchase Price under the provisions of this Section 7.7, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such General Partner and its Affiliates generally and to any others claiming by or through the General Partner to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the General Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Removal Notice Date or date of Retirement, as applicable. Concurrently with the determination of the Withdrawal Purchase Price, each General Partner shall provide the Partnership, the successor General Partner(s) and the Investor Limited Partner with additional written releases from the General Partner (and any Affiliates to whom obligations of any kind are owed by the Partnership, the successor General Partner(s), the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, voluntarily Retires in violation of this Agreement or involuntarily Retires, (i) all agreements between the Partnership and the General Partner and/or its Affiliates may, at the election of the Partnership, be terminated and, except for payment of the Withdrawal Purchase Price due to the General Partner (or such Affiliates), the Partnership shall have no further obligations under such agreements, and (ii) the removed or Retired General Partner shall be liable for all costs and expenses incurred by the Partnership or the Limited Partners in connection with the admission to the Partnership of a successor General Partner, which shall be considered Adverse Consequences for purposes of this Section. From and after the effective date of its removal or Retirement, the removed or Retiring General Partner shall not be liable for obligations of the Partnership incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed or Retiring General Partner prior to such effective date. The removed or Retiring General Partner shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the General Partner and any Partnership obligations not listed in the prior year's financial statements or otherwise described in writing to the Special Limited Partner, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal or Retirement. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed or Retiring General Partner shall continue to be liable for any payments or advances due to the Limited Partners or the Partnership pursuant to the Capital Contribution adjustment provisions of Article V as a result of any adjustments determined thereunder, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or successor General Partner, in either case subsequent to the effective date of the removal or Retirement of the removed or Retiring General Partner.

J. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, voluntarily Retires in violation of this Agreement or involuntarily Retires, the Special Limited Partner may designate a Person or Persons, including, without limitation, an Affiliate of the Special Limited Partner, to become a successor General Partner or Partners replacing the removed or Retired General Partner, subject to any Requisite Approvals and to the terms of the Project Documents. Such successor General Partner's partnership interest in the Partnership shall equal the partnership interest of the removed or Retired General Partner.

K. The election by the Special Limited Partner to remove any General Partner pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Limited Partner or the Investor Limited Partner may have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement (except Special Limited Partner and Investor Limited Partner shall not require a removed General Partner to repurchase its interest pursuant to Section 5.3), and the exercise by the Special Limited Partner of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special Limited Partner (or the Investor Limited Partner) to be liable for Partnership obligations as a general partner.

L. In the event that a General Partner is removed pursuant to the provisions of this Section 7.7, voluntarily Retires in violation of this Agreement or involuntarily Retires, such removed or Retired General Partner shall immediately deliver to the Special Limited Partner all

books, records, tax and financial information relating to the Partnership and the Property that are in the possession or under the control of such General Partner or any of its Affiliates. Such General Partner agrees that if it fails to comply with the provisions of this Section 7.7L, the Limited Partners may enforce such provisions by specific performance, and no portion of the Withdrawal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

M. If a General Partner fails to comply with any of its obligations under this Section 7.7 or contests the right of the Special Limited Partner to exercise the removal or other rights described in this Section 7.7, any costs and expenses incurred by the Limited Partners in enforcing their rights in this Section 7.7, including, without limitation, legal fees and expenses, shall be paid by such General Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section, provided, however, the Limited Partners shall not be entitled to such costs and expenses if General Partner is successful in contesting such removal and the attempted removal was in bad faith.

N. In the event that the Special Limited Partner sends a Removal Notice, the Special Limited Partner may, as of such date, elect to become, or to designate another Person, including, without limitation, an Affiliate of the Investor Limited Partner or the Special Limited Partner, to become, an additional General Partner with all the rights and privileges of a General Partner. Upon such election by the Special Limited Partner, the Special Limited Partner or such other Entity shall automatically become and shall be deemed to be a General Partner and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Limited Partner or such other Person shall become an additional General Partner as herein stated and the defaulting General Partner is removed, the Special Limited Partner's or such other Person's interest in the Partnership shall automatically equal the interest of the removed General Partner without need for any further approvals or consents of the remaining General Partner. In the event of the admission of the Special Limited Partner or such Person as a General Partner pursuant to this Section 7.7N, and if there are then any other General Partners, the Special Limited Partner or such other Person shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them. The Special Limited Partner shall be entitled to receive reasonable compensation for serving as a General Partner under this Section, and any such compensation shall be a reduction of the Withdrawal Purchase Price.

ARTICLE VIII

TRANSFER OF LIMITED PARTNER INTERESTS

Section 8.1 Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the Regulations and to the terms of the Mortgage Loan Documents, each Limited Partner shall have the right to assign its Interest to and substitute in its place as a Substitute Limited Partner:

(i) any Affiliate of the Investor Limited Partner with notice to the General Partners;

(ii) any Person provided that the net worth of the proposed assignee is acceptable to the General Partners in their reasonable discretion;

(iii) any partnership or limited liability company in which the Investor Limited Partner, or an Affiliate of the Investor Limited Partner, is the general partner or managing member; or

(iv) any other Person with the consent of the General Partners which may be given or withheld in their sole but reasonable discretion.

B. The General Partners, at the sole expense of the assigning Limited Partner, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Limited Partner reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, any amendments, updated opinion of Partnership Counsel, authorizing resolutions of the General Partners and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Limited Partner. In addition, in the event of a Transfer of any interest in the Investor Limited Partner, the General Partners agree to make such changes to this Agreement and the Related Agreements as the Investor Limited Partner may reasonably request.

C. The assignor shall assume any costs incurred by the Partnership in connection with an assignment of its Interest including, without limitation, costs associated with preparation and execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents in connection therewith.

D. The owner of ownership interests in the Limited Partner and Special Limited Partner may transfer their interest in the Limited Partner and the Special Limited Partner at any time without the consent of the General Partner.

Section 8.2 Substitute Limited Partners

Each Limited Partner shall have the right to substitute an assignee as a Limited Partner in its place, subject to Section 8.1 and any Requisite Approvals. Any Substitute Limited Partner

shall agree to be bound (to the same extent to which its predecessor in interest was so bound) by the Project Documents and this Agreement as a condition to its being admitted to the Partnership.

Section 8.3 Assignees

A. Any permitted assignee of a Limited Partner which does not become a Substitute Limited Partner shall have the right to receive the same share of Profits, Losses and distributions of the Partnership to which the assigning Limited Partner would have been entitled.

B. Any assigning Limited Partner shall cease to be a Limited Partner and shall no longer have any rights or obligations of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

C. There shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Limited Partner's Interest as a Limited Partner, where the assignee does not become a Substitute Limited Partner, the Partnership shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.

E. An assignee of a Limited Partner's Interest who does not become a Substitute Limited Partner and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.

ARTICLE IX

LOANS; MORTGAGE REFINANCING; PROPERTY DISPOSITION

Section 9.1 General

A. The Partnership shall be authorized to obtain the Mortgage Loans to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date of Investment Closing, each Mortgage shall provide that no Partner or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loans. Notwithstanding anything to the contrary herein, the General Partners shall have no authority to enter into the Permanent Loan without the Consent of the Special Limited Partner to the extent the amount thereof exceeds $[19,909,000]; *provided*, *however*, that no objection by the Special Limited Partner to the final Permanent Loan amount shall be valid unless the General Partner is notified of such objection, and the specific reasons therefor, within seven (7) Business Days

following receipt by the Special Limited Partner of a complete loan closing package prepared by the Permanent Lender and other information as may be reasonably required by the Special Limited Partner to make its determination. The Special Limited Partner will approve a Permanent Loan amount to the extent that the annual Debt Service Coverage Ratio on the Permanent Loan at the time of Permanent Mortgage Commencement is projected to be not less than 1.15 to 1.00. In making this determination, the Special Limited Partner will use the same underwriting assumptions and criteria reflected in the Projections prepared by the Investor Limited Partner at the time of Investment Closing, updated to take into account actual rent levels and current utility allowances (with any free rent or other rental concessions amortized equally over the term of all leases, excluding any renewal period, to which such concessions apply), the rate of interest on the Permanent Loan, and other actual operating information available at such time. All material Mortgage Loan Documents not approved by the Investor Limited Partner as of Investment Closing shall be submitted to and approved by the Investor Limited Partner prior to execution and delivery thereof.

B. Subject to Section 6.1, the General Partners are specifically authorized, for and on behalf of the Partnership, to execute the Project Documents and any permitted amendments thereto and, subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Partnership borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliates. The Partnership may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans.

D. If any Partner shall lend any monies to the Partnership, any such loan shall be unsecured and the amount of any such additional loan from a Partner shall not be an increase of its Capital Contribution. Until such time as the General Partners and the Developer shall have performed fully their obligations to make Operating Expense Loans and Development Advances, any loan from a General Partner or an Affiliate of a General Partner shall be an obligation of the Partnership to the Partner or Affiliate only if it constitutes an Operating Expense Loan or Development Advance in accordance with the provisions of this Agreement or the Development Agreement, as applicable, and shall be repayable as therein provided. Subject to the preceding sentence, any loans to the Partnership by a General Partner or an Affiliate of a General Partner may be made on such terms and conditions as may be agreed on by the Partnership, consistent with good business practices.

E. Subject to the provisions of this Agreement with respect to related party loans, the Investor Limited Partner or an Affiliate thereof (the Investor Limited Partner or its Affiliate being referred to herein as a "Mortgagee Limited 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 Property owned by the Partnership (any such loan being referred to as a "Related Mortgage Loan"). Under no circumstances will a Mortgagee Limited Partner be considered to be acting on behalf or as an agent or the alter ego of the Investor Limited Partner. A Mortgagee Limited Partner may take

any actions that the Mortgagee Limited Partner, in its discretion, determines to be advisable in connection with its Related Mortgage Loan (including in connection with the enforcement of its Related Mortgage Loan). Each Partner agrees, to the extent permitted by applicable law, that no Mortgagee Limited Partner owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee Limited Partner being a limited partner or member in the Investor Limited Partner. Neither the Partnership nor any Partner will make any claim against a Mortgagee Limited Partner, or against the Investor Limited Partner in which the Mortgagee Limited Partner is a partner or member, relating to a Related Mortgage 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 Limited Partner's status as a limited partner or member of the Investor Limited Partner. Notwithstanding any provision to the contrary in this Section 9.1E, the General Partners shall not obtain or consent to any Related Mortgage Loan unless (i) they have obtained the prior Consent of the Investor Limited Partner and (ii) they have determined, based on the financial projections prepared at the time of requesting such Consent and the advice of Investor Tax Counsel, that the Related Mortgage Loan will not result in any reallocation of Tax Credits or other tax benefits among the Partners.

Section 9.2 Refinancing and Sale

The Partnership may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan (other than pursuant to and substantially in accordance with a Mortgage Loan Commitment in existence at Investment Closing) including any required Transfer of Partnership assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise Transfer all or substantially all the assets of the Partnership without the Consent of the Investor Limited Partner. In the event that an Affiliate of Bank of America, N.A. shall be ready, willing and able to furnish financing on substantially equivalent terms, the Consent of the Investor Limited Partner to any proposed refinancing of a Mortgage Loan may be conditioned upon the substitution of such Affiliate as the maker of such refinanced Mortgage Loan. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; *provided, however*, unless such Consent is obtained the Partnership shall lease the Project in such a manner as to qualify as a "qualified low-income housing project" under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.

Section 9.3 Sales Commissions

In connection with the sale of the Property by the Partnership, no Person may receive real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of a General Partner.

ARTICLE X

PROFITS, LOSSES AND DISTRIBUTIONS

Section 10.1 Distributions Prior to Dissolution

A. Distribution of Cash Flow.

Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the General Partners for the purposes and subject to the conditions set forth in Section 6.7 hereof. From and after the Completion Date, Cash Flow for each Fiscal Year (or fractional portion thereof) shall be distributed within ninety (90) days after the end of each Fiscal Year, in the following order of priority:

First, to the payment of any unpaid adjustment to Investor Limited Partner's Capital Contribution or Tax Credit Shortfall Payments not paid pursuant to Section 5.2;

Second, if with respect to the Fiscal Year to which such Cash Flow relates, Limited Partner has a tax liability with respect to the net Profits of the Partnership allocated to such Partner for such Fiscal Year, then Cash Flow will be distributed to Limited Partner up to the amount of such tax liability;

Third, to Limited Partner in payment of any interest and then due principal on any loan made by Limited Partner to the Partnership;

Fourth, to pay the Asset Management Fee to the Special Limited Partner;

Fifth, to the Investor Limited Partner an amount equal to any amounts contributed by the Investor Limited Partner pursuant to Section 6.4Q(iii)(if any);

Sixth, to the payment of the Partnership Management Fee;

Seventh, to the payment of any due and payable principal and interest on the Sponsor Dignity Health Loan in accordance with the Sponsor Dignity Health Loan Documents;

Eighth, to the payment of any Deferred Development Fee;

Ninth, to the repayment of any Operating Expense Loans then outstanding;

Tenth, to the replenishment of the Operating Reserve;

Eleventh, 50% of remaining Cash Flow after giving effect to clauses *First* through *Tenth* above, to the payment of then due and payable principal and interest of the HCD Loan in accordance with the HCD Loan Documents, the City Loan in accordance with the City Loan Documents, the County Loan in accordance with the County Loan Documents, the Authority Loan in accordance with the Authority Loan Documents, and

Twelfth, any balance shall be distributed [51.3]% to the General Partner, [29.7]% to WA3, [9]% to WG2, and 10% to Investor Limited Partner; provided, however, that the amount distributable to WA3 shall be decreased by the total amount of debt service paid to the Authority on the Authority Loan, and the amount of such decrease shall be distributed [85.1]% to the General Partner and [14.9]% to WG2.

Notwithstanding the foregoing, if the amount distributable to the Investor Limited Partner under this Section 10.1A with respect to any Fiscal Year shall be less than 10% of the total amounts paid or distributable with respect to such Fiscal Year under Clauses *Sixth* and *Twelfth* of this Section 10.1A, then the amounts which would otherwise have been paid or distributed to the General Partners and their Affiliates pursuant to such clauses of this Section 10.1A shall be reduced and the amount which would otherwise have been distributed to the Investor Limited Partner pursuant to this Section 10.1A shall be increased to the extent necessary to assure that the Investor Limited Partner receives its 10% share of such total payments and distributions.

B. Distributions of Capital Transaction Proceeds

Prior to dissolution, if the General Partners shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

(i) *First*, to discharge, to the extent required by any lender or creditor, the debts and obligations of the Partnership (other than items listed in the ensuing clauses of this Section 10.1B);

(ii) *Second*, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partners (other than items listed in the ensuing clauses of this Section 10.1B);

(iii) *Third*, to the Limited Partners in an amount equal to, on an After-Tax Basis, the taxes (if any) owed by it (or them) as a result of any income allocation arising out of the Capital Transaction plus any amounts contributed by the Investor Limited Partner pursuant to Section 6.4Q(iii)(if any);

(iv) *Fourth*, to the Investor Limited Partner an amount equal to any theretofore unpaid Tax Credit Shortfall Payments;

(v) *Fifth*, to the to the Investor Limited Partner an amount equal to the projected state and federal "exit" taxes payable by Investor Limited Partner upon Capital Transaction based on any negative capital account of the Investor Limited Partner;

(vi) *Sixth*, to the Special Limited Partner any unpaid Asset Management Fee;

(vii) *Seventh*, to the General Partners an amount equal to any unpaid Partnership Management Fee;

(viii) *Eighth*, to the repayment of any outstanding Deferred Development Fee;

(ix) *Ninth*, to the payment of any outstanding Operating Expense Loans; and

(x) *Tenth*, the balance of such proceeds shall be distributed [51.3]% to the General Partner, [29.7]% to WA3, [9]% to WG2, and 10% to Investor Limited Partner.

Notwithstanding the foregoing, if the amount distributable to the Investor Limited Partner under this Section 10.1B with respect to any Fiscal Year shall be less than 10% of the total amounts paid or distributable to the General Partner with respect to such Fiscal Year under Clauses *Seventh* and *Tenth* of this Section 10.1B, then the amounts which would otherwise have been paid or distributed to the General Partner and its Affiliates pursuant to such clauses of this Section 10.1B shall be reduced and the amount which would otherwise have been distributed to the Investor Limited Partner pursuant to this Section 10.1B shall be increased to the extent necessary to assure that the Investor Limited Partner receives its 10% share of such total payments and distributions.

C. Sharing of Distributions

All distributions to the respective classes of the Partners shall be shared by the members of such classes in accordance with the percentages set forth opposite their respective names on the Schedule, except as otherwise provided in this Agreement.

D. Proceeds from Insurance

Notwithstanding the provisions of Sections 10.1A or 10.1B, if the Partnership receives proceeds from the Title Policy, an insurance policy, or as the result of a casualty or condemnation wherein the Partnership will not rebuild or recover the Project, then, after payment of debts and obligations of the Partnership, such proceeds shall be applied and distributed to the payment to the Investor Limited Partner of an amount equal to 100% of its Net Capital Contribution paid-in to date less the sum of all Tax Credits received by the Investor Limited Partner and not subject to a Recapture Event; and the balance to the General Partners.

Section 10.2 Distributions Upon Dissolution

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership shall be distributed to the Partners in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Taxable Year, including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B and also to the Investor Limited Partner an amount equal to the projected state and federal "exit" taxes payable by Investor Limited Partner upon such dissolution based on any negative capital account of the Investor Limited Partner. Liquidation distributions shall be made by the end of the Taxable Year in which the liquidation occurs or, if later, within ninety (90) days after the date of liquidation. In the event that a General Partner or Investor Limited Partner has a negative balance in its Capital

Account following the liquidation of the Partnership or its Interest after taking into account all Capital Account adjustments for the Taxable Year in which the liquidation occurs, such Partner shall pay to the Partnership in cash an amount equal to the negative balance in its Capital Account. Such payment shall be made by the end of such Taxable Year (or, if later, within ninety (90) days after the date of such liquidation) and shall, upon liquidation of the Partnership, be paid to recourse creditors of the Partnership or distributed to other Partners in accordance with the positive balances in their Capital Accounts. Notwithstanding the foregoing, the obligation of the Investor Limited Partner to contribute such deficit shall be zero unless and until it shall notify the Partnership in writing of its election to have a different amount (the "Designated Amount") apply, which Designated Amount may be increased or reduced (subject to the provisions of the following sentence) by similar written notice from the Investor Limited Partner at any subsequent date. No such notice shall be effective with respect to any Fiscal Year unless the same shall be given prior to the end of such Fiscal Year. No subsequent reduction to the Designated Amount shall be permitted if such reduction would cause the Designated Amount to be less than the Investor Limited Partner's deficit balance in its Capital Account (as such Capital Account is increased by the Investor Limited Partner's share of Partnership Minimum Gain) at the end of the Partnership's immediately preceding tax year.

B. With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be Profits and Losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such Profits and Losses shall be allocated to the Partners in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Partnership's adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized Profits and Losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the Consent of the Investor Limited Partner.

Section 10.3 Profits, Losses and Tax Credits

A. Except as otherwise specifically provided in this Article X, for each Fiscal Year or portion thereof, Profits, tax-exempt income, Losses and non-deductible, non-capitalizable expenditures incurred and/or accrued by the Partnership, shall be allocated to the Partners in accordance with their Percentage Interests, provided, however, that on and after the date that is the later of (i) the date the Accountants certify that Investor Limited Partner has been allocated all Losses contemplated in the Revised Economic Projections, and (ii) the day following the end of the last year of the Credit Period, all Losses shall be allocated [51.3]% to the General Partner, [29.7]% to WA3, [9]1% to WG2, and [10]% to Investor Limited Partner.

B. Except as otherwise specifically provided in Section 10.4 or elsewhere in this Article X, all Profits and Losses arising from a Capital Transaction shall be allocated to the Partners as follows:

As to Profits:

(i) *First*, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative balance Capital Accounts shall be allocated to such Partners in proportion to their negative Capital Account balances until all such Capital Accounts shall have zero balances; and

(ii) *Second*, an amount of Profits shall be allocated to each of the Partners until the positive balance in the Capital Account of each Partner equals, as nearly as possible, the amount of cash which would be distributed to such Partner if the aggregate amount in the Capital Accounts of all Partners were cash available to be distributed in accordance with the provisions of Clauses *Seventh* and *Tenth* of Section 10.1B.

As to Losses:

(iii) *First*, an amount of Losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; *provided, however*, that if the amount of Losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Partners having positive balances in their Capital Accounts, then such Losses shall be allocated to the Partners in such proportions and in such amounts so that the Capital Account balances of each Partner shall equal, as nearly as possible, the amount such Partner would receive if an amount equal to the excess of (a) the sum of all Partners' balances in their Capital Accounts computed prior to the allocation of Losses under this clause *First* over (b) the aggregate amount of Losses to be allocated to the Partners pursuant to this clause *First* were distributed to the Partners in accordance with the provisions of Clauses *Sseventh* and *Tenth* of Section 10.1B; and

(iv) *Second*, the balance, if any, of such Losses shall be allocated to the Partners in accordance with their Percentage Interests.

C. If the Partnership (i) incurs recourse obligations (including, without limitation, accounts payable and deferred fees that in the reasonable judgment of the Special Limited Partner are not expected to be paid in the ordinary course of business) or Partner Nonrecourse Debt (including without limitation Operating Expense Loans), (ii) accepts Special Capital Contributions pursuant to Section 6.9 or other Capital Contributions from the General Partners that are required or permitted by the terms of this Agreement, all or a portion of the proceeds of which are applied to the payment of Operating Expenses or other items that are deductible for federal income tax purposes or (iii) incurs Losses from extraordinary events which are not recovered from insurance or other sources (the items referred to in clauses (i), (ii) and (iii) being hereinafter referred to collectively as the "Section 10.3C Items") in respect of any Taxable Year,

then the calculation and allocation of Profits and Losses shall be adjusted as follows: *first*, an amount of deductions (consisting of Operating Expenses and not cost recovery deductions) attributable to the Section 10.3C Items shall be allocated to the General Partners; and *second*, the balance of such deductions shall be allocated as provided in Section 10.3A. For purposes of determining the deductions that are attributable to the Section 10.3C Items, Cash Receipts shall be deemed to have been applied first to Debt Service Requirements and the funding of Partnership reserves and then to Operating Expenses other than Debt Service Requirements and the funding of Partnership reserves. The term "extraordinary events," as used in this Section 10.3C, includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Partnership or by the General Partners, and deductions resulting from other liabilities of the Partnership that are not incurred in the ordinary course of business. Nothing in this Section 10.3C shall prevent the Partnership from recovering an extraordinary loss from a General Partner who is liable therefor by law or under the terms of this Agreement.

D. If any Section 10.3C Items shall be repaid from cash generated in respect of any Fiscal Year, then the allocation of Profits and Losses under Section 10.3A for such Fiscal Year shall be adjusted as follows: *first*, the General Partners shall be allocated an amount of the gross income of the Partnership equal to the lesser of (i) the amount of items of loss or expense previously allocated to the General Partners under Section 10.3C and not previously offset by allocations of gross income under this Section 10.3D or items thereof and (ii) the amount of the Section 10.3C Items repaid in such year and *second*, all remaining gross income and all expenses shall be allocated as provided in Section 10.3A. Nothing in this Section 10.3D shall be construed to authorize the return of Special Capital Contributions. This section shall be applied in conjunction with Section 10.4B to avoid the double allocation of gain under such sections when Operating Expense Loans are repaid.

E. Notwithstanding the foregoing provisions of Sections 10.3.A and 10.3.B, in no event shall any Losses be allocated to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Taxable Year, the negative balance in such Limited Partner's Capital Account to exceed such Limited Partner's share of Partnership Minimum Gain plus such Limited Partner's share of Partner Nonrecourse Debt Minimum Gain plus the amount, if any, of such Limited Partner's Designated Amount (as specified in accordance with Section 10.2A). Any Losses which are not allocated to the Limited Partners by virtue of the application of this Section 10.3E shall be allocated as required under Treasury Regulation Section 1.704-1(b). For purposes of this Section 10.3E, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

F. The terms "***Profits***" and "***Losses***" used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and Losses for federal income tax purposes shall be allocated in the same manner as Profits and Losses under Section 10.3 except as provided in Section 10.5B.

G. Federal Low Income Tax Credits shall be allocated among the Partners in the same manner as the deductions attributable to the expenditures creating the tax credit are allocated among the Partners in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii).

Section 10.4 Minimum Gain Chargebacks and Qualified Income Offset

A. If there is a net decrease in Partnership Minimum Gain during a Taxable Year, each Partner will be allocated items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain during the year. A Partner is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.

B. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Taxable Year, then each Partner with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain during the year. A Partner is not subject to this Partner Nonrecourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(i)(4) applied consistently with Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(4) under Section 704 of the Code.

C. If a Limited Partner unexpectedly receives in any Taxable Year (1) any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) or (2) a distribution, and such adjustment, allocation and/or distribution would cause the negative balance in such Partner's Capital Account to exceed (i) such Partner's share of Partnership Minimum Gain plus (ii) such Partner's share of Partner Nonrecourse Debt Minimum Gain and (iii) the amount of such Partner's obligation, if any, to restore a deficit balance in its Capital Account, then such Partner shall be allocated items of income and gain in an amount and manner sufficient to eliminate such negative balance as quickly as possible. For purposes of this Section 10.4C, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

Section 10.5 Special Provisions

A. Except as otherwise provided in this Agreement, all Profits, Losses, Tax Credits and distributions shared by the respective classes composed of the Special Limited Partner and the General Partners shall be allocated among the members of such class in accordance with the percentages set forth opposite their respective names in the Schedule. Subject to the provisions of Section 13.8, the Investor Limited Partner and Special Limited Partner each shall be deemed to have been admitted to the Partnership as of the first day of the month during which its actual admission occurs for purposes of allocating Profits and Losses.

B. Income, gain, loss and deduction with respect to property which has a variation between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among the Partners for tax purposes so as to take account of such variation in a manner consistent with the principles of Section 704(c) of the Code and Treasury Regulation Sections 1.704-1(b)(2)(iv)(g) and 1.704-3.

C. If the Partnership shall receive any purchase money indebtedness in partial payment of the purchase price of the Project and such indebtedness is distributed to the Partners pursuant to the provisions of Section 10.1B or Section 10.2, the distributions of the cash portion of such purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Partners in the following manner: On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Partners based on Section 10.1B or Section 10.2, as applicable, treating cash payments and purchase money indebtedness principal interchangeably for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Partnership shall be distributed in accordance with the respective portions of principal allocated to the respective classes of Partners in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

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

E. Notwithstanding any provision to the contrary in this Article X, funds of the Partnership constituting Designated Proceeds shall be applied to pay Development Costs and the Development Amount in accordance with the provisions of this Agreement, the Development Agreement and the Project Documents.

F. In applying the provisions of this Article X with respect to distributions and allocations, the following ordering of priorities shall apply:

(1) Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.

(2) Capital Accounts shall be reduced by distributions of Cash Flow under Section 10.1A.

(3) Capital Accounts shall be reduced by distributions from Capital Transactions under Section 10.1B.

(4) Capital Accounts shall be increased by any minimum gain chargeback under Section 10.4A or 10.4B.

(5) Capital Accounts shall be increased by any qualified income offset under Section 10.4C.

(6) Capital Accounts shall be increased by allocations of Profits under Section 10.3A.

(7) Capital Accounts shall be reduced by allocations of Losses under Section 10.3A.

(8) Capital Accounts shall be reduced by allocations of Losses under Section 10.3B.

(9) Capital Accounts shall be increased by allocations of Profits under Section 10.3B.

G. For purposes of determining each Partner's proportionate share of excess Partnership Nonrecourse Liabilities pursuant to Treasury Regulation Section 1.752-3(a)(3), the Investor Limited Partner shall be deemed to have a 99.99% interest in Profits of the Partnership, the General Partner shall be deemed to have a [0.0057]% interest in Profits of the Partnership, WA3 shall be deemed to have a [0.0033]% interest in Profits of the Partnership, and WG2 shall be deemed to have a [0.001]% interest in Profits of the Partnership.

H. To the maximum extent permitted under the Code, allocations of Profits and Losses shall be modified so that the Partners' Capital Accounts reflect the amount they would have reflected if adjustments required by Section 10.4 had not occurred. Furthermore, if for any Fiscal Year the application of the provisions of Section 10.4 would cause a distortion in the economic sharing arrangement among the Partners and it is not expected that the Partnership will have sufficient other income to correct that distortion, the General Partners may request a waiver from the Service of the application in whole or in part of Section 10.4 in accordance with Treasury Regulation Section 1.704-2(f)(4). Notwithstanding any provision to the contrary in this Section 10.5H, depreciation deductions during the Credit Period shall in all events be allocated to the Partners in accordance with their Percentage Interests.

I. To the extent that interest on obligations to any General Partner or its Affiliates is determined to be deductible by the Partnership in excess of the stated amount of interest payable thereunder, the corresponding additional interest deduction shall be allocated solely to such General Partner.

J. Any income earned by the Partnership prior to the Development Obligation Date (including without limitation interest income generated from Partnership assets that exceeds the deductible investment expense allocated to the Investor Limited Partner) shall be specially allocated to the General Partners.

K. Nonrecourse deductions as defined in Treasury Regulation Section 1.704-2(b)(1) for any Fiscal Year shall be allocated to the Partners in accordance with their Percentage Interests, as modified by Section 10.3A.

L. Any partner nonrecourse deductions as determined under Treasury Regulation Sections 1.704-2(i)(2) and 1.704-2(k) with respect to Partner Nonrecourse Debt for any Fiscal Year shall be specially allocated to the Partner or Partners that bear the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such deductions are attributable in accordance with Treasury Regulation Section 1.704-2(b)(4) and 1.704-2(i).

M. The Partnership and its Partners shall be permitted to disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

N. 100% of the following Operating Expenses shall be specially allocated to the General Partner: (i) the Management Fee, (ii) Payroll and Benefits. [to be confirmed]

ARTICLE XI

MANAGEMENT AGENT

Section 11.1 Management Agent

The General Partners shall have responsibility for obtaining a Management Agent acceptable to the Investor Limited Partner and each Lender and Governmental Agency to manage the Project in accordance with the requirements of each Lender and Governmental Agency. The General Partners shall cause the Partnership to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a General Partner. The initial Management Agent shall be National Community Renaissance of California. No Management Agent may be removed or replaced without the prior written consent of the Investor Limited Partner. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm's-length property management arrangements for comparable properties in force in the general locality of the Project) not to exceed the lesser of [5.70]% of gross rental income or the maximum amount permitted by any relevant Governmental Agency or Lender.

The Management Agent acknowledges that the Partnership is required under this Agreement to use best efforts to lease 100% of the Low Income Units to tenants whose income and rent levels qualify such apartments for inclusion in meeting the requirements for Tax Credits and:

(i) The Management Agent shall require each prospective tenant to certify, on the lease application or lease, the amount of such tenant's annual family income, family size, and any other information reasonably requested by the Partnership in connection with the Tax Credits. The Management Agent shall require the tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for reporting purposes.

(ii) Without the Partnership's express prior written consent, the Management Agent shall not enter into any lease on behalf of the Partnership at a rental amount exceeding the application maximum.

(iii) The Management Agent shall maintain and preserve all written records of the tenants' family income and size, and any other information reasonably requested by the Partnership in writing in connection with the Tax Credits, throughout the term of the Management Agreement, and shall turn all such records over to the Partnership upon the termination or expiration of the Management Agreement.

(iv) The Management Agent shall prepare reports of low-income leasing and occupancy in form suitable for submission in connection with the Tax Credits.

If at any time after the Completion Date:

(v) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice from the applicable Governmental Agency or department or unless such violation is being validly contested by the General Partners by proceedings which operate to prevent any fines or criminal penalties from being levied against the Partnership or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the General Partners are diligently making reasonable efforts to cure the same,

(vi) operating revenues of the Project in respect of any period of twelve (12) consecutive calendar months after the Completion Date shall be insufficient to permit the Partnership to pay when due on a current basis all Partnership obligations in respect of such twelve (12) month period, and the General Partner and/or the Guarantor has failed to make an Operating Expense Loan,

(vii) the Project ceases to qualify as a "qualified low-income housing project" under Section 42(g) of the Code or any Low Income Unit in the Project ceases to qualify as a "low income unit" under Section 42(i)(3) of the Code,

(viii) a Recapture Event shall have occurred,

(ix) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(x) the Special Limited Partner has elected to remove a General Partner that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,

then the General Partners shall forthwith give to the Special Limited Partner notice of such event (a "Management Default Notice"), and thereafter the Partnership shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Limited Partner is obtained to the retention of the Management Agent. Upon any termination, the General Partners shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a General Partner, shall be unaffiliated with any General Partner) as

the new Management Agent for the Property, which selection shall be subject to the Consent of the Investor Limited Partner and any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a General Partner unless the management contract with any such Person shall provide for the right of the Partnership to terminate the same upon the occurrence of any circumstance described in this Article XI. In the event that the Special Limited Partner elects to remove the General Partner pursuant to the provisions of Section 7.7, the Management Agreement, if the Management Agent is an Affiliate of the General Partner, shall automatically terminate as of the Removal Notice Date. By its execution hereof, the Management Agent agrees that the provisions of this Section which limit the amount of the Management Fee and provide for the termination of the Management Agent under the circumstances herein described are hereby incorporated into any present or future Management Agreement (which shall be deemed amended hereby to the extent necessary to give effect to such provisions).

Section 11.2 Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the General Partner fails to send a Management Default Notice to the Special Limited Partner within the ten (10) days of the date the General Partner became aware of such event, the Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to take such action, and to execute and deliver such documents on behalf of the Partners and the Partnership, as shall be legally necessary and sufficient to effect the provisions of this Article XI.

ARTICLE XII

BOOKS AND REPORTING, ACCOUNTING, TAX ELECTION

Section 12.1 Books, Records and Reporting

A. The General Partners shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Partnership's business in accordance with this Article XII. The books of the Partnership shall be kept on the accrual basis. The books and records of the Partnership (including all records required to be maintained under the Uniform Act) shall at all times be maintained at the principal office of the Partnership. Each Partner, its duly authorized representatives and any regulatory authority which regulates such Partner shall have the right to examine the books of the Partnership and all other records and information concerning the Partnership and the Project at reasonable times. The books and records of the Partnership shall include, without limitation, copies of the following: (i) the Partnership's federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Partnership for ten (10) years from the date of production.

B. The General Partner shall comply with all of the requirements set forth in this Section 12.1 and **Exhibit K** and will deliver to the Special Limited Partner all of the information requested in this Section 12.1 and on **Exhibit K** within the relevant time frames. If the General Partners shall fail to deliver (or cause to be delivered) the statements, reports, filings, or other information required under this Section 12.1 or **Exhibit K** to the Special Limited Partner by the

due date, the General Partners shall pay as damages the sum of $250 per day (plus interest at the Designated Prime Rate plus 3% per annum) to the Special Limited Partner until such information is received by the Special Limited Partner. Such damages shall be paid forthwith by the General Partners. In addition, if the General Partners fail to so pay, the Investor Limited Partner may deduct any unpaid damages from any portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully paid then the General Partners and their Affiliates shall forthwith cease to be entitled to any Cash Flow or to the payment of any fees which are payable from Cash Flow as provided in Section 10.1A ("Cash Flow Fees"). Such payments of Cash Flow and Cash Flow Fees shall only be restored upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against payments of Cash Flow and Cash Flow Fees otherwise due to the General Partners or their Affiliates. Any failure to so pay the damages described herein or upon the third failure to deliver the information required under this Section 12.1 in any one Fiscal Year shall constitute a Material Default for purposes of Section 7.7.

C. The reports and tax returns described **on Exhibit K** shall be accompanied by a certification from the General Partner that states as follows: (i) all Capital Accounts have been analyzed for minimum gain and, if applicable, how any potential reallocation of Profits, Losses and Tax Credits will be addressed, (ii) to the best of the General Partner's knowledge, no notices of any proceedings have been received by the General Partner from the IRS pertaining to the Partnership and, if such notices have been received, then a statement as to the corrective action plan, and (iii) to the best of the General Partner's knowledge, no material litigation has been filed against the Partnership and, if such litigation has been filed, a statement detailing the litigation and the potential outcome.

D. If the General Partners fail to complete such tax returns and submit such Schedules K-1 within the time frames set forth on **Exhibit K**, the Special Limited Partner may select a firm of accountants who shall prepare such returns and Forms K-1. The General Partners shall immediately furnish all necessary documentation and other information to prepare such tax returns and such Schedules K-1 to such accountants.

E. Every Limited Partner shall at all times have access to the records of the Partnership and may inspect and copy any of them. A list of the names and addresses of all of the Limited Partners shall be maintained as part of the books and records of the Partnership and shall be mailed to any Limited Partner upon request.

F. The General Partners shall furnish to the Special Limited Partner a radon gas test measurement report and conclusion (a "Radon Report") for each Building upon completion of construction thereof, unless the Project is located in a county in the lowest risk EPA radon map Zone 3. The Radon Report must come from a radon service professional who (i) meets state-specific requirements, if any, for providing such Radon Reports, and (ii) has a proficiency listing, accreditation or certification in radon test measurement from either (a) The National Environmental Health Association ("NEHA") National Radon Proficiency Program or (b) The National Radon Safety Board ("NRSB"). Alternatively, a Radon Report from an environmental professional who lacks such a proficiency listing, accreditation or certification from NEHA or NRSB may be acceptable if it follows state-specific requirements and EPA recommendations and protocols set forth in the following EPA publications: *Protocols for Radon and Radon Decay*

Product Measurements in Homes (EPA 402-R-93-003, June, 1993) and the *Indoor Radon and Radon Decay Product Measurement Device Protocols* (EPA 402-R-92-004, July, 1992), which protocols are summarized at www.airchek.com. If the Radon Report demonstrates that the radon gas level for a Building exceeds the EPA standard for radon action or remediation then in effect, the General Partners shall install a radon mitigation system or take other recommended mitigation measures and shall provide a follow-up Radon Report to confirm effectiveness.

G. The General Partners and/or their Affiliates shall (i) report any "reportable transactions" to the Service as required under Section 6111 of the Code ("Reportable Transactions"); (ii) disclose any Reportable Transactions as required by Treasury Regulations 1.6011-4; (iii) promptly report to the Partners any Reportable Transactions in which the Partnership engages; and (iv) maintain any list of investors in accordance with Section 6112 of the Code to the extent they are required to maintain such lists. The General Partners shall be responsible for any expenses or penalties, including penalties for understatement of income, solely attributable to the failure of the General Partners or their Affiliates to satisfy the Reportable Transactions requirements imposed on them.

H. In addition to the foregoing, the Managing General Partner shall prepare a quarterly report describing each of the following: (i) any new agreement, contract or arrangement between the Partnership and a General Partner or an Affiliate of a General Partner, (ii) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to any General Partner or Affiliate of a General Partner, (iii) the amount of all distributions of Cash Flow and Capital Transaction proceeds made to Partners during such fiscal quarter (if any); and (iv) a report of the significant activities of the Partnership during the fiscal quarter including, without limitation, any material notice received by the Partnership or the General Partner of any IRS proceeding involving the Partnership, any lapse, cancellation, or non-renewal of any insurance policy that insures the Partnership or its property, and any other material notice (the "Quarterly Status Reports"). Each Quarterly Status Report shall also contain a certification by the General Partners that neither the Partnership nor any General Partner has received any notice or has been cited by or otherwise warned in writing of any Violation (as hereinafter defined) by any Governmental Agency, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a "Violation" shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the Governmental Agency and the Partnership or a General Partner is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Limited Partner in writing, within a reasonable time after receipt of such a request, each General Partner shall send to the Investor Limited Partner such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

Section 12.2 Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Partnership shall be maintained with an FDIC insured national banking association, as its principal bank, for deposits and the maintenance of business, cash management, operating and administrative deposit accounts. Specifically, the General Partner will establish and maintain a separate operating

account for the Partnership (the "Operating Account"). All Cash Receipts from the Project will be deposited into the Operating Account and all Operating Expenses will be paid out of the Operating Account. All funds of the Partnership in excess of those necessary for the short-term operation of the Project will be invested in the name of the Partnership or the General Partner, under such terms and conditions (including signatories) as the Investor Limited Partner approves in writing. Withdrawals shall be made only in the regular course of Partnership business on the signature of the Managing General Partner. All deposits and other funds not needed in the operation of the business shall be deposited, to the extent permitted by the Lender and the Governmental Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year. Promptly upon the request of the Investor Limited Partner, the General Partner will obtain and deliver to the Investor Limited Partner full, complete and accurate statements of the amounts and status of all Partnership bank accounts and all withdrawals therefrom and deposits thereto.

Section 12.3 Elections

Unless the Investor Limited Partner shall specify a different permissible treatment in writing and in accordance with Code Section 168(g) or other applicable Code sections, including as amended pursuant to P.L. 115-97 the "2017 Tax Act" or Treasury Regulations promulgated thereunder, the Partnership shall depreciate its residential rental property over thirty (30) years, 90% of its site improvements over twenty (20) years and 10% of its site improvements over fifteen (15) years, and 90% of its personal property costs over nine (9) years and 10% of its personal property costs over five (5) years, for federal income tax purposes, and over forty (40) years, twenty (20) years, and ten (10) years, respectively, for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners with the Consent of the Investor Limited Partner; provided, however, that the General Partners shall make an election (in the manner to be prescribed by the Service) under Section 163(j)(7)(B) of the Code to be treated as an electing real property trade or business for purposes of Section 163(j) of the Code and such election shall not require any additional Consent of the Investor Limited Partner.

Section 12.4 Special Adjustments

Upon request of the Investor Limited Partner, the General Partner will immediately file an election under Section 754 of the Code and the corresponding Treasury Regulations on behalf of the Partnership to adjust the basis of the Partnership's assets under Section 734(b) or 743(b) and a corresponding election under the applicable sections of state and local law. In the event of a Transfer of all or any part of any Interest of a Partner, the Partnership shall elect, if requested by the transferee, to adjust the basis of Partnership assets pursuant to Section 754 of the Code (or corresponding provisions of succeeding law). Notwithstanding anything to the contrary contained in Article X, any such adjustment shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

Section 12.5 Fiscal Year

The Fiscal Year of the Partnership shall be the calendar year unless a different year is required by the Code.

Section 12.6 Inspections, Cooperation

The Partnership and General Partners will permit representatives of the Limited Partners and the Construction Inspector to enter upon the Land at reasonable times, upon reasonable notice, to inspect the Improvements and any and all materials to be used in connection with the construction of the Improvements, to examine all detailed plans and shop drawings and similar materials as well as all records and books of account maintained by or on behalf of Partnership and General Partners relating thereto and to discuss the affairs, finances and accounts pertaining to Limited Partners' investment in the Partnership, the Mortgage Loans, and the Improvements with representatives of the Partnership and General Partners. General Partners will at all times cooperate and take all reasonable steps to cause the Builder and each and every one of its subcontractors and material suppliers to cooperate with the representatives of Limited Partners and the Construction Inspector in connection with Limited Partners' rights under this Agreement. Except in the event of an emergency, the Limited Partners will give General Partners at least seventy-two hours' notice by telephone in each instance before entering upon the Land and/or exercising any other rights granted in this Section 12.6, provided that if any Person with whom the Limited Partner desires to communicate is an Affiliate of the Limited Partner, such notice to General Partners will not be required.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.1 Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telecopier or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

If to the Partnership, at the principal office of the Partnership set forth in Section 2.2, and if to a Partner, at its address set forth in the Schedule, with copies to with copies to Buchalter, a Professional Corporation, 1000 Wilshire Blvd., Suite 1500, Los Angeles, California, 90017-2457, Attn: Michael A. Williamson, Esq. and Klein Hornig LLP at 1325 G Street NW, Suite 770, Washington, DC 20005, Attn: Chris Hornig, Esq.

Section 13.2 Word Meanings

The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the

context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Any references to "Sections" or "Articles" are to Sections or Articles of this Agreement, unless reference is expressly made to a different document.

Section 13.3 Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement. Subject to the preceding sentence, none of the provisions of this Agreement shall be for the benefit of any lender or any other Person who is not a Partner.

Section 13.4 Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 13.5 Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 13.6 Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.

Section 13.7 Separability of Provisions; Rights and Remedies

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to 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) if for any reason any provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

B. Each of the parties hereto irrevocably waives during the term of the Partnership (including any periods during which the business of the Partnership is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Partnership, and (ii) to commence an action seeking dissolution of the Partnership (unless the Consent of the Investor Limited Partner has been obtained).

C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective

rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Partners shall be enforceable in equity as well as at law or otherwise.

D. Each Partner and each Guarantor irrevocably:

(i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of San Bernardino County of the State of California or the courts of the United States located in the Central District of California;

(ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

(iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

(iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8 Effective Date of Admission

Any Partner admitted to the Partnership during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of Profits, Losses and Tax Credits under Article X; *provided*, *however*, that if regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Partner be deemed admitted on a date other than as of the first day of such month, then the General Partners shall select a permitted admission date which is most favorable to the Partner.

Section 13.9 Delivery of Certificate

Promptly upon the filing of the Certificate and each amendment thereto in the appropriate filing office, the General Partners shall deliver or mail a copy thereof to each Limited Partner.

Section 13.10 Additional Information

At the request of the Investor Limited Partner, the General Partners shall furnish to the Investor Limited Partner: (i) Plans and Specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Partnership, the Project or the Related Agreements as the Investor Limited Partner may reasonably request.

Section 13.11 Further Documents and Actions

The Partners agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.

Section 13.12 Brokers or Finders

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The General Partners shall jointly and severally indemnify the Limited Partners against any brokers' or finders' fees or commissions claimed through the General Partners or their Affiliates in connection with the transactions contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the General Partners or any of their Affiliates. Fees payable to Bank of America, N.A. are not covered hereby.

Section 13.13 Amendment

This Agreement may only be amended in writing signed by the General Partner, the Investor Limited Partner and the Special Limited Partner, after the Lenders, as required, have provided their written consent. All parties agree that no oral agreements or course of conduct of the parties shall be deemed to be an amendment to this Agreement unless in writing signed as described above.

Section 13.14 Publicity Rights

At the Investor Limited Partner's request, but at the expense of the Partnership, the General Partner will place a sign at a location on the Property satisfactory to the Investor Limited Partner, which sign will recite, among other things, that Bank of America, N.A. is the investor limited partner in the Partnership. The General Partner expressly authorizes the Investor Limited Partner to prepare and to furnish to the news media for publication from time to time news releases with respect to the Property, specifically to include releases detailing Bank of America, N.A.'s involvement with the Property. Bank of America, N.A. may feature the Project in a series of marketing materials that may be distributed both inside and outside of Bank of America, N.A.. These materials may include the names of the General Partner, the Developer, the Guarantor, or the Project sponsor, a description of the Property type, its features, and its impact on the community, the size of the Project, in terms of both the units produced and the development costs, the Bank of America, N.A. products/services utilized in undertaking the Project (including amounts), and pictures and renderings of the Project. The General Partner and its Affiliates irrevocably grant to the Investor Limited Partner and its Affiliates the right to use, publish, produce, copyright, and to distribute to the public from time to time, in various forms of promotional materials, any information obtained by the Investor Limited Partner concerning the General Partner (excluding, however, financial information regarding the General Partner, the Guarantor, and Project sponsor, or other information of a sensitive nature that reasonable parties would agree is not suitable for public distribution), its name, projects financed in whole or in part by Bank of America, N.A., and any financial relationships or transactions entered into between

the General Partner and Bank of America, N.A. or its Affiliates, specifically including photographs or images of the Project, whether or not such information, photographs or images are provided by or on behalf of the General Partner. The General Partner hereby releases any and all interest it may now or hereafter have in such promotional materials and any information, photographs or images used in connection therewith.

Section 13.15 No Third Party Beneficiaries

There are no third party beneficiaries to this Agreement.

ARTICLE XIV

ANTI-BRIBERY/ANTI-CORRUPTION

Section 14.1 Anti-Bribery/Anti-Corruption Representations and Warranties.

A. The General Partner is aware of the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), and any other relevant regulations, and understands its relevance in the transaction to Bank of America, N.A.. Bank of America, N.A. is committed to strict compliance to all requirements both in the letter and spirit of all relevant laws. General Partner therefore makes the following representations and warranties in connection with the transaction or activity:

B. Familiarity and compliance with Bribery & Corruption prohibitions. The General Partner represents and warrants that it is familiar with the FCPA and/or other relevant bribery and/or corruption laws or regulations and its purposes, including its prohibition against taking corrupt or improper actions in furtherance of an offer, payment, promise to pay or authorization of the payment of anything of value, including but not limited to cash, checks, wire transfers, tangible and intangible gifts, favors, services, and those entertainment, travel expenses or any other financial advantage that goes beyond what is legal, reasonable and customary and of modest value, to:

(i) an executive, official, employee or agent of a governmental department, agency or instrumentality;

(ii) a director, officer, employee or agent of a wholly or partially government-owned or government-controlled entity;

(iii) a political party or official thereof, or candidate for political office;

(iv) an executive, official, employee or agent of a public international organization (e.g., the International Monetary Fund or the World Bank); or

(v) any other person, entity or party,

while knowing or having a reasonable belief that all or some portion of the financial or other advantage will be used for the purpose of:

(a) influencing any act, decision or failure to act by a person in his or her private or official capacity;

(b) inducing a person to use his or her influence or instrumentality to affect any act or decision; or

(c) offering, requesting or securing an improper or illegal advantage; in order to obtain, retain, direct business or any other advantage.

C. Subsequently identified bribery and corruption laws or regulatory concerns. The parties will meet promptly, as appropriate, in light of a potential bribery or corruption concern being identified, discovered, or disclosed as the result of an ongoing or pending investigation conducted by federal, state or municipal authorities. If, after consultation by all parties to the transaction, any such bribery or corruption concern cannot be resolved in the good faith and reasonable judgment of Bank of America, N.A., then Bank of America, N.A., on written notice to General Partner, may withdraw from or terminate this agreement without penalty.

D. Non-Government Employees. The General Partner represents that none of its officers, directors, senior managers, partners, owners, or principals are Government Employees.

Under Bank of America, N.A. policy, a Government Employee includes:

- Any officers and employees, regardless of rank, of a branch of government, whether national, state, provincial or local/municipal;
- Governmental departments, ministries and agencies;
- Judiciary;
- Public Hospitals;
- Central Bank officials and employees;
- Pension funds or systems;
- Sovereign Wealth Funds and employees;
- Customs Officials;
- Officers and employees of a wholly or partially Government-owned or Government–controlled entity;
- Officers and employees of a public international organization;
- Officers and employees of Self-Regulatory Organizations (SROs);
- Political parties and their officers or employees;

- Individuals acting in an official capacity or on behalf of any government or public international organization (e.g., an official advisor to the government);

- Candidates for political office and the official campaign staff of such candidates;

- Members of a ruling monarchical or royal family;

- Close family members or close associates (e.g. key advisors) of Government Employees as defined above.

The General Partner agrees that if any of its officers, directors, senior managers, partners, owners, or principals becomes a Government Employee (prior to the completion of this transaction or during the relationship), then the General Partner will promptly notify Bank of America, N.A. in writing. On receipt of a written notice, the Parties will consult together to address possible issues of compliance with the FCPA and or other relevant bribery and corruption laws and regulations and determine whether those issues can be satisfactorily resolved. If, after consultation, any such issues cannot be resolved in the good faith and reasonable judgment of Bank of America, N.A., then Bank of America, N.A., on written notice to General Partner, may withdraw from or terminate this agreement without penalty.

E. Previous or pending violations. The General Partner warrants that it has not breached any local bribery and corruption requirements, unless these have been fully disclosed to the Bank, and that it has no reason to suspect any investigation is (or is about) to take place by any regulator or law enforcement authority in relation to its (or its officers, agents or otherwise) activities in any jurisdiction in relation to bribery and or corruption violations unless these have been fully disclosed to the Bank.

F. Role of Government Employee. The General Partner represents and warrants that no Government Employee who is an officer, director, senior manager, partner, owner, principal or investor of the General Partner has been involved on behalf of a Government in decisions as to whether the General Partner or Bank of America, N.A. would be awarded business or that otherwise could benefit General Partner or Bank of America, N.A., or in the appointment, promotion, or compensation of persons who will make such decisions. The General Partner further represents and warrants that no such Government Employee will use their Government positions to influence acts or decisions of a Government for the benefit of the General Partner or Bank of America, N.A. or any other linked person(s). General Partner further represents and warrants that such Government Employees will not meet or communicate with Government Employees on behalf of the General Partner or Bank of America, N.A. without advising the General Partner in writing in advance of such meeting or communication, and the General Partner will promptly provide such writing to Bank of America, N.A..

ARTICLE XV

HUD REQUIREMENTS

Section 15.1 Requirements of HUD

A. Notwithstanding any other clause or provision in this Agreement or the Certificate and so long as the RAD Use Agreement is in effect, the following provisions shall apply:

(i) If any of the provisions of this Agreement or the Certificate conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control.

(ii) The provisions in this Section 15.1A are required to be inserted into this Agreement by HUD and may not be amended without HUD's prior written approval. If there is a conflict between any of these HUD-required provisions and any other provision of this Agreement, the terms of these HUD-required provisions will govern. If there is a conflict between any of the provisions in the Certificate and these HUD-required provisions of this Agreement, these HUD-required provisions will govern. If there is a conflict between the Use Agreement or these HUD-required provisions relating to the RAD and any HUD-required provisions relating to mortgage insurance provided in connection with the National Housing Act, the more restrictive provisions shall control.

(iii) General Partner may be removed for cause by the Special Limited Partner pursuant to Section 7.7 of this Agreement but only subject to the conditions set forth in the Section 37, the "Low-Income Housing Tax Credit Provisions," of the Subsidy Contract (HAP LIHTC Provisions).

(iv) The Partners acknowledge that provision of rental assistance to the Project depends on the General Partner to be a partner in the Partnership and to be controlled by the Sponsor. The General Partner may not transfer all or part of its interest in the Partnership without prior written consent of HUD. Failure of the General Partner to be controlled by Sponsor, except as provided above in Section 15.1.A(iii) above, shall be a violation of this Agreement and may cause termination of such rental assistance.

(v) Neither the Partnership nor any Partner shall have any authority to: (a) take any action in violation of the RAD Use Agreement; or (b) fail to renew the Subsidy Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Authority or HUD.

B. Without the consent of General Partner (and provided that the General Partner has not been removed for cause by the Special Limited Partner, in accordance with Section 7.7), neither the Partnership nor any Partner shall have any authority to: (a) except to the extent permitted by the Subsidy Contract or RAD Use Agreement, transfer, convey, assign, mortgage, pledge, sell, lease, sublease or otherwise dispose of, at any time, the Project or any part thereof; or (b) amend, renew or terminate the Management Agreement or enter into new Management Agreement..

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER:

WG PARTNERS 2 MGP, LLC,
a California limited liability company

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

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

WA3:

WATERMAN AFFORDABLE 3 LLC,
a California limited liability company

By: _____
Name: _____
Title: _____ [signature block to be confirmed]

WG2:

WG 2 DGP LLC,
a Massachusetts limited liability company

By: _____
Name: _____
Title: _____ [signature block to be confirmed]

WITHDRAWING LIMITED PARTNER:

SOUTHERN CALIFORNIA AFFORDABLE HOUSING CORPORATION,
a California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____ [signature block to be confirmed]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

MANAGEMENT AGENT (Pursuant to Section 11.1):

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA,
a California nonprofit public benefit corporation

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

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

INVESTOR LIMITED PARTNER:

BANK OF AMERICA, N.A.,
a national banking association

By: _____
Name: Casey Carpenter
Title: Vice President

SPECIAL LIMITED PARTNER:

BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC.,
a North Carolina corporation

By: _____
Name: Casey Carpenter
Title: Vice President

Exhibit A

WATERMAN GARDENS PARTNERS 2, L.P.

SCHEDULE OF PARTNERS

As of [_____, 2019]

Name and Business Address	**Capital Contributions**	**Percentage Interest**	**Percentage of Partnership Interests for Class**
GENERAL PARTNER:			
WG Partners 2 MGP, LLC c/o National Community Renaissance 9421 Haven Avenue Rancho Cucamonga, CA 91730 [_____] (Telephone No.) [_____] (Fax No.)	$[6,400,000]*	[0.0057%]	100%
CLASS A LIMITED PARTNERS:			
Waterman Affordable 3 LLC c/o **[_____]** **[_____]** **[_____]** [_____] (Telephone No.) [_____] (Fax No.)	$[77]	[0.0033%]	[76.74]%
WG 2 DGP LLC c/o **[_____]** **[_____]** **[_____]** [_____] (Telephone No.) [_____] (Fax No.)	$[23]	[0.001%]	[23.26]%
INVESTOR LIMITED PARTNER:			
Bank of America, N.A. MA1-225-02-02 225 Franklin Street Boston, MA 02110 Attention: Asset Management (617) 346-2257 (617) 346-2724 (Fax No.)	$[25,018,036]**	99.99%	100%

SPECIAL LIMITED PARTNER:

Banc of America CDC Special Holding Company, Inc. MA1-225-02-02 225 Franklin Street Boston, MA 02110 Attention: Asset Management (617) 346-2257 (617) 346-2724 (Fax No.)	$0	0%	100%

* Payable in accordance with Section 4.1A.
**Payable in accordance with Article V.

Exhibit B

RELATED AGREEMENTS

1. Development Agreement
2. Guaranty Agreement
3. Closing Certificate
4. Subsidy Commitment and Subsidy Contract
5. Ground Lease
6. Partnership Management Agreement
7. Right of First Refusal Agreement
8. Purchase Option Agreement
9. Opinion of Local Counsel dated as of Investment Closing
10. Title Policy with Special Endorsements
11. Credit Approval
12. Insurance Certificates (satisfying the requirements of Exhibit C of the Partnership Agreement)

Exhibit C

INSURANCE REQUIREMENTS
Summary of Requirements

Hazard insurance certificates and policy confirmations meeting Bank of America, N.A.'s requirements should be obtained in favor of the Partnership and listing *"Bank of America, N.A., a national banking association, as Investor Limited Partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Limited Partner, and each of their successors and assigns, as their interests may appear*" as additional insureds, with respect to the following items:

(i) Builder's Risk coverage in an amount at least equal to the amount of the hard cost construction contract (i.e., the Insurable Value);

(ii) Fire and extended coverage insurance that are ordinarily insured against by similar businesses, including but not limited to lightning, flood, windstorm, sinkhole, hail, explosion, riot, civil commotion, damage from aircraft, smoke, vandalism, malicious mischief and acts of terrorism in an amount equal to at least the full replacement cost of the Project, or if under construction, to replace work completed to date;

(iii) Single limit comprehensive general liability insurance on an "occurrence basis" against claims for personal injury in an amount described below for any single occurrence and in aggregate coverage for any single year;

(iv) Loss of rental value insurance or business interruption insurance in an amount acceptable to Investor, for a minimum 12 month period, or until the units have been brought back to their original state plus an extended period of indemnity for at least three (3) additional months to re-lease the repaired units;

(v) If at any time any portion of any structure on the Property is insurable against casualty by flood and is located in a Special Flood Hazard Area under the Flood Disaster Protection Act of 1973, as amended, a flood insurance policy in form and amount acceptable to Investor Member.

If Bank of America N.A. as lender requires higher coverage or otherwise more stringent requirements than those detailed herein, then lender requirements shall take precedence.

All Asset Management and Insurance Notifications and Certificates should be identified and sent to:

Bank of America, N.A.
Community Development Banking
MA1-225-02-02
225 Franklin Street
Boston, MA 02110
Attention: Asset Management

Insurance Format

All carriers must be admitted to do business in the state where the property is located, and must be rated by **A.M. Best** and carry a minimum rating of **A-IX** or better.

THIS EXHIBIT OUTLINES GENERAL EQUITY INSURANCE REQUIREMENTS. A FORMAL REQUIREMENTS LETTER FROM BANK OF AMERICA's SPECIALTY INSURANCE GROUP WHICH MAY HAVE DIFFERENCES SPECIFIC TO THE PROPERTY.

Property Insurance Requirement

Evidence of Property Insurance **ACORD 27**, **ACORD 28** or equivalent which conveys to the investor all the rights and privileges afforded under the policy in a manner acceptable to Bank of America, N.A.. A Lender's Loss Payable endorsement is required in addition to acceptable evidence. This endorsement shall name Bank of America, N.A. as mortgagee and loss payee and must contain provisions acceptable to Bank of America, N.A..

Note: **ACORD 25** is acceptable for Liability and Worker's Compensation insurance only. In lieu of the ACORD certificate, the bank will also accept a copy of the insurance declarations page(s) or Policy.

Evidence of Property Insurance must indicate all of the following coverage:

- Include a description of the property insured in addition to the property address.
- *Bank of America, N.A., a national banking association, as Investor Limited Partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Limited Partner, and each of their successors and assigns, as their interests may appear,* must be listed as Named Insured.
- The policy limit for Hard Costs must be sufficient to cover the full cost to rebuild the building(s) and Business Assets.
- Deductible of $1% of the amount of coverage or $25,000, whichever is greater.
- The insurance policy form must be Builders Risk.
- The policy must be written on Special Form (also known as All Risk).
- If the property involves rehabilitations, renovations or tenant improvements, the Policy must include wording such as: "building(s) with renovations in progress" and vacancy clause must be deleted.
- Builders Risk shall not include an occupancy clause. If the policy includes an occupancy clause, it must be delted by endorsement.
- Acts of Terrorism – the insurance policy must not contain an exclusion for acts of terrorism. The evidence of insurance must include the following: *Acts of Terrorism are not specifically excluded.*

- Windstorm Coverage- coverage for the peril of windstorm and hail must be provided or it must not be excluded:
- Earthquake coverage – required for improved property with a Probable Maximum Loss (PML) >20% when located in
    1. Insurance Industry Zone 1 or 2 and the improvement are any of the follwing:
        (a) Wood frame over 3 stories;
        (b) wood frame with more than one wall faced with brick;
        (c) concrete, brick, adobe, or masonry block structure and there is no seismic reinforcement; or
        (d) proposed construction with concrete tile-ups;
    2. California Special Studies seismic zone; or
    3. Outside of California, within 1,000 feet of a know seismic fault.
- Sinkhole Coverage - coverage for the peril of sinkhole must be provided or it must not be excluded.
- Completed Value form is required. Reporting Form is not acceptable.
- Vandalism and Malicious Mischief (V&MM) and Theft on construction materials on site prior to installation must be included.
- The Builders Risk policy must include coverage for Soft Costs including construction loan interest payments and other expenses that could be incurred again during the reconstruction period after a loss.
- 30 day cancellation clause, with 10 day for non payment of premium.
- Bank of America, N.A. must be named as an additional insured.
- A certified copy of the insurance policy will be required prior to investment and loan closing. If this is a new insurance policy, a certified copy will be required within 90 days from the effective date.

Partnership's Liability Insurance Requirements

Primary liability insurance and excess liability insurance limits are acceptable to comply with the per occurrence policy limit requirement.

- The Partnership must be a Named Insured.
- *Bank of America, N.A., a national banking association, as Investor Limited Partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Limited Partner, and each of their successors and assigns, as their interests may appear* must be named as additional insured.
    - Commercial General Liability insurance policy must be on Occurrence Form. Claims Made form is not acceptable. The policy limit must be **$1,000,000.00** per occurrence and at least **$5,000,000** in the aggregate, and include the following coverageProducts/Completed Operations coverage.
    - Protective Liability (a.k.a. Owners and Contractors Protective liability) covering borrower for liability claims stemming from the general contractor's actions.
- 30 day cancellation clause, with 10 day for non-payment of premium.
- Bank of America N.A. must be a certificate holder.

Builder's Insurance Requirements

If a general contractor is hired to do the construction work, insurance from the contractor is required as follows:

- The certificate of insurance must include a description of the property insured and the property address.
- Commercial General Liability insurance policy must be on Occurrence Form. Claims Made form is not acceptable. The policy limit must be **$5,000,000.00** per occurrence.

The Policy must include the following coverage:

- Products/Completed Operations coverage must be included.
- Protective Liability (a.k.a. Independent Contractors Protective liability) covering all subcontractors.

- *Bank of America, N.A., a national banking association, as Investor Limited Partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Limited Partner, and each of their successors and assigns, as their interests may appear* must be named as additional insured.
- An additional insured endorsement naming the Partnership as an additional insured.
- 30 day cancellation clause, with 10 day for non-payment of premium.
- Bank of America, N.A. must be the certificate holder.

Workers Compensation Insurance Requirements

This section applies to the general contractor (legal entity name on all contracts with the sub-contractors).

- Statutory Workers' Compensation insurance.
- Employers' Liability coverage **($1,000,000.00** Minimum)
- Bank of America, N.A. must be the certificate holder.

Property Manager's Insurance Requirements

If a management agent is hired to perform property management services, insurance from the management agent is required as follows:

- The certificate of insurance must include a description of the property insured and the property address.
- Commercial General Liability insurance policy must be on Occurrence Form. Claims Made form is not acceptable. The policy limit must be **$1,000,000.00** per occurrence and **$5,000,000** in the aggregate and must include the following coverage.
- Fidelity/dishonesty bond in an amount not less than six (6) months of Property gross rental receipts.
- A comprehensive automobile liability insurance in an amount of not less than **$1,000,000** per occurrence and **$2,000,000** in the aggregate covering liability arising out of any owned, non-owned or hired vehicles (if any) utilized by the property manager in conjunction with the property and shall comply with any compulsory coverage mandated by the jurisdiction where such vehicles are registered.
- An additional insured endorsement naming the Partnership as an additional insured.
- 30 day cancellation clause, with 10 day for non-payment of premium.
- Statutory Workers' Compensation insurance providing statutory benefits for all employees of the Management Agent.
- Employers' Liability coverage **($1,000,000.00** Minimum).
- Bank of America, N.A. must be the certificate holder.

All of the conditions listed above are requirements of Bank of America, N.A., and must be indicated on the Proof of Insurance. The insurance requirements listed above do not modify any provisions of the loan or equity documents regarding insurance. They represent the minimum requirements of Bank of America, N.A. and should not be accepted as advice of counsel concerning an adequate property and casualty insurance program to meet your personal needs. We urge you to seek advice from your insurance adviser in this regard.

Exhibit D

WATERMAN GARDENS PARTNERS 2, L.P.

SECOND INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partners (the "General Partner") of Waterman Gardens Partners 2, L.P., a California limited partnership (the "Partnership"), does hereby certify to Bank of America, N.A., a national banking association, and its successors and assigns (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of [_____, 2019] (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Second Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Second Installment is $[2,501,804], there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Seventy-Five Percent Completion Date occurred on _____. Attached hereto is a copy of the completed certification provided by the Construction Inspector or Architect, which has been reviewed and approved by the Special Limited Partner, in the form attached as Attachment A.

4. The date of this Certificate is not earlier than [January 1, 2021].

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. [Reserved].

10. Attached hereto is a true copy of a date-down endorsement to the Title Policy evidencing the accuracy of the representations contained in Section 6.5A(viii) of the Partnership Agreement.

11. The Investor Limited Partner has received copies of such other documents relating to the Project as it may reasonably request.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of _____, 20__.

GENERAL PARTNER:

WG PARTNERS 2 MGP, LLC,
a California limited liability company

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

By: _____
Name: _____
Title: _____

Attachment A

[Construction Inspector/Architect Letterhead]

75% Completion Certificate - Consultant

Form of Construction Consultant's/Architect's Certificate of Percentage Completion

The undersigned, [CONST. CONSULT.], is the construction consultant engaged by Bank of America, N.A. pursuant to that certain [CONST. CONSULT. AGREEMENT] dated as of [CONST. CONSULT. AGREEMENT DATE], in connection with the construction of a project known as Arrowhead Grove Apartments Phase II, in San Bernardino, California as a 184-unit multifamily mixed income project (the "Project") owned by Waterman Gardens Partners 2, L.P., a California limited partnership (the "Partnership"). The undersigned hereby certifies to Bank of America, N.A., its successors or assigns (the "Bank") with respect to the Bank's payment to the Partnership of the amount due and owing as of the Second Installment as set forth in the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of [_____, 2019] (the "Partnership Agreement"), executed by the Bank in connection with the Bank's acquisition of its Interest (as that and all other capitalized terms used herein are defined in the Partnership Agreement), as follows:

The work to be performed by the Builder under the Construction Contract is at least seventy-five percent (75%) (based on the ratio of the cost of completed hard cost items under the Construction Contract to the total hard cost amounts in the Construction Contract, taking into account change orders and other revisions, as of the date of this certification), and to the best of my ability, such work has been performed in a good and workmanlike manner in accordance with applicable requirements of all Governmental Agencies and substantially in accordance with the Plans and Specifications.

Dated: as of _____, 20__.

[_____]

By: _____
Name: _____
Its: _____

Exhibit E

WATERMAN GARDENS PARTNERS 2, L.P.

THIRD INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partners (the "General Partner") of Waterman Gardens Partners 2, L.P., a California limited partnership (the "Partnership"), does hereby certify to Bank of America, N.A., a national banking association, and its successors and assigns (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of [_____, 2019] (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Third Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Third Installment is $[19,374,429], there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Completion Date occurred on _____.

4. Attached hereto is a copy of the completed certification provided by the Construction Inspector or Architect, which has been reviewed and approved by the Special Limited Partner, in the form attached as Attachment A.

5. Attached hereto are (a) a true copy of all final (non-temporary) certificates of occupancy, permitting occupancy of 100% of the units in the Project, and (b) a current title search report demonstrating that the Project is free and clear of any mechanics' or other liens.

6. The Partnership achieved a Debt Service Coverage Ratio of not less than 1.15 to 1.00 for each of three (3) consecutive calendar months on _____ (which includes the calendar month immediately preceding the date of this Certificate), as evidenced by the determination letter attached hereto as Attachment B.

7. At least 90% of the Units are physically occupied.

8. The Initial Occupancy Date occurred on _____, and copies of a current rent roll and the Tenant Income Certifications for each of the Qualified Tenants in the Project have been delivered to the Special Limited Partner.

9. Fifty Percent Test Qualification has timely occurred. Attached hereto is a copy of the Accountant's report and back-up documentation with respect thereto.

10. Final Closing has occurred or will occur simultaneously with the payment of the Third Installment. Attached hereto is a copy of the draft audit of the Partnership's construction costs as part of Cost Certification and a copy of the draft Mortgage Loan Documents evidencing

and securing the permanent Mortgage Loans to the extent not previously delivered to the Investor Limited Partner for its review and approval prior to execution and delivery thereof.

11. All required reserves have been fully funded (or will be funded concurrently with the Partnership's receipt of the Third Installment).

12. Attached is a true and correct copy of the fully executed Subsidy Contract.

13. The date of this Certificate is not earlier than [February 1, 2022].

14. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

15. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

16. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

17. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

18. Attached hereto is a true copy of a date-down endorsement to the Title Policy evidencing the accuracy of the representations contained in Section 6.5A(viii) of the Partnership Agreement.

19. The Investor Limited Partner has received copies of such other documents relating to the Project as it may reasonably request.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of _____, 20__.

GENERAL PARTNER:

WG PARTNERS 2 MGP, LLC,
a California limited liability company

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

By: _____
Name: _____
Title: _____

Attachment A

[Construction Inspector/Architect Letterhead]

100% Completion Certificate - Consultant

Form of Construction Consultant's/Architect's Certificate of Percentage Completion

The undersigned, [CONST. CONSULT.], is the construction consultant engaged by Bank of America, N.A. pursuant to that certain [CONST. CONSULT. AGREEMENT] dated as of [CONST. CONSULT. AGREEMENT DATE], in connection with the construction of a project known as Arrowhead Grove Apartments Phase II, in San Bernardino, California as a 184-unit multifamily mixed income project (the "Project") owned by Waterman Gardens Partners 2, L.P., a California limited partnership (the "Partnership"). The undersigned hereby certifies to Bank of America, N.A., its successors or assigns (the "Bank") with respect to the Bank's payment to the Partnership of the amount due and owing as of the Third Installment as set forth in the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of [_____, 2019] (the "Partnership Agreement"), executed by the Bank in connection with the Bank's acquisition of its Interest (as that and all other capitalized terms used herein are defined in the Partnership Agreement), as follows:

The work to be performed by the Builder under the Construction Contract is substantially complete, subject only to punch list items not in excess of $150,000 in the aggregate, and to the best of my ability, such work has been performed in a good and workmanlike manner in accordance with applicable requirements of all Governmental Agencies and substantially in accordance with the Plans and Specifications.

Dated: as of _____, 20__.

[_____]

By: _____
Name: _____
Its: _____

Attachment B

[Letterhead of Partnership Accountants]

DETERMINATION OF DEBT SERVICE COVERAGE RATIO

_____, 20__

Bank of America, N.A.
Community Development Banking
MA1-225-02-02
225 Franklin Street
Boston, MA 02110

Bank of America CDC Special Holding Company, Inc.
Community Development Banking
MA1-225-02-02
225 Franklin Street
Boston, MA 02110

Re: Waterman Gardens Partners 2, L.P. (the "Partnership")

Ladies and Gentlemen:

We have reviewed the pertinent portions of the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of [_____, 2019] (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Based upon information provided to us by the Partnership concerning Arrowhead Grove Apartments Phase II, a 184-unit apartment complex located in San Bernardino, California (referred to herein as the "Project"), we have performed the following procedures:

We have compiled a statement of the income and expenses for the three (3) month period ending _____, 20__.

We have obtained an annual budget prepared by the Project's management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the Management Agent.

We have determined that the Partnership, for a period of 3 consecutive calendar months (and during each individual month) beginning on _____ 20__ (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of ____ to 1.00.

Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

In making these determinations, we have assumed that 79.89% of the Units in the Project (i.e., all Units in the Project except the two managers' Units and the thirty-five market rate Units) will be "low-income units" as such term is defined in Section 42(i)(3) of the Internal Revenue Code of 1986, as amended, and have no reason to believe that such assumption is unwarranted.

Copies of the calculations and adjustments we have made in reaching the determination above and of the financial statements and budgets upon which such calculations are based are attached hereto.

[ACCOUNTANTS]

By: _____
Name: _____
Its: _____

Exhibit F

WATERMAN GARDENS PARTNERS 2, L.P.

FOURTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partners (the "General Partner") of Waterman Gardens Partners 2, L.P., a California limited partnership (the "Partnership"), does hereby certify to Bank of America, N.A. and its successors and assigns (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of [_____, 2019] (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fourth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fourth Installment is $[640,000], there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has received Forms 8609 from the Credit Agency with respect to all of the Buildings comprising the Project and has recorded the Extended Use Agreement, copies of which are attached.

4. Attached hereto is a copy of the final, certified Cost Certification prepared by the Accountants, and the Revised Economic Projections. The amount of the Tax Credits for purposes of Cost Certification have been determined, as evidenced by the determination letter attached hereto as Attachment A, and the General Partner and the Investor Limited Partner agree with the adjustments calculated in accordance with Section 5.2 of the Partnership Agreement.

5. A qualified third-party firm approved by the Special Limited Partner has performed a tax credit compliance audit report of the tenant files at the Project, copies of which are attached.

6. The Subsidy Contract remains in full force and effect as of the date hereof.

7. The date of this Certificate is not earlier than [May 1, 2022].

8. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

9. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

10. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

11. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

12. Attached hereto is a true copy of a date-down endorsement to the Title Policy evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

13. The Investor Limited Partner has received copies of such other documents relating to the Project as it may reasonably request.

14. Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of _____, 20__.

GENERAL PARTNER:

WG PARTNERS 2 MGP, LLC,
a California limited liability company

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

By: _____
Name: _____
Title: _____

Attachment A

[Letterhead of Partnership Accountants]

DETERMINATION OF TAX CREDIT

_____, 20__

Bank of America, N.A.
Community Development Banking
MA1-225-02-02
225 Franklin Street
Boston, MA 02110

Bank of America CDC Special Holding Company, Inc.
Community Development Banking
MA1-225-02-02
225 Franklin Street
Boston, MA 02110

Re: Waterman Gardens Partners 2, L.P. (the "Partnership")

Ladies and Gentlemen:

We have reviewed the pertinent portions of the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of [_____, 2019] (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Based upon information provided to us by the Partnership concerning Arrowhead Grove Apartments Phase II, a 184-unit apartment complex located in San Bernardino, California (referred to herein as the "Project"), we have performed the following procedures.

We have compiled a statement of the development costs through _____, 20__ and the expected classification of each cost for tax purposes.

We have obtained a budget for the development costs from the Partnership.

We have compared the budget for such costs to the actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership.

We have determined that the Adjusted Aggregate Federal Low Income Tax Credit Amount properly allocable to the Investor Limited Partner will be $_____.

Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determinations are based are incorrect or inappropriate.

In making these determinations, we have assumed that 79.89% of the Units in the Project (i.e., all Units in the Project except the two managers' Units and the thirty-five market rate Units) will be "low-income units" as such term is defined in Section 42(i)(3) of the Internal Revenue Code of 1986, as amended, and have no reason to believe that such assumption is unwarranted.

Copies of the calculations we have made in reaching the determinations above and of the financial statements and budgets upon which such calculations are based are attached hereto.

[ACCOUNTANTS]

By: _____
Name: _____
Its: _____

Exhibit G

[RESERVED]

Exhibit H

WATERMAN GARDENS PARTNERS 2, L.P.

CERTIFICATE OF ACHIEVEMENT OF DEVELOPMENT OBLIGATION DATE

The undersigned, constituting the general partners (the "General Partners") of Waterman Gardens Partners 2, L.P., a California limited partnership (the "Partnership"), does hereby certify to Bank of America, N.A. and its successors and assigns (the "Investor Limited Partner"), pursuant to the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of [_____, 2019] (the "Partnership Agreement"), that:

1. The Project has achieved three (3) consecutive calendar months of not less than 90% occupancy of the Units.

2. The Initial Occupancy Date occurred on _____.

3. The Completion Date occurred on _____.

4. Final Closing occurred on _____.

5. The Development Obligation Date occurred on _____.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of _____, 20__.

GENERAL PARTNER:

WG PARTNERS 2 MGP, LLC,
a California limited liability company

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

By: _____
Name: _____
Title: _____

Exhibit I

WATERMAN GARDENS PARTNERS 2, L.P.

ENVIRONMENTAL REPORTS

1. Phase I Environmental Site Assessment dated [_____, 2019], prepared by [_____].

2. [sponsor to compile list of environmental reports]

Exhibit J

INITIAL ECONOMIC PROJECTIONS

[Attached]

Exhibit K

TAX CREDIT MANAGEMENT REQUIREMENTS

Financial, Tax and other Information

Annual Reporting and Quarterly Reporting will be coordinated through Integratec or any other Third Party Vendor as designated by the Investor Limited Partner.

Annual Reporting: An annual report shall be provided to the Investor Limited Partner within 120 days of calendar year-end. This report must include all of the information detailed below:

- Any information required by the Investor Limited Partner to complete its annual Tax Return, including, but not limited to Form 1065, Schedule K-1 (or its successor form) prepared on a tax basis and an Apportionment Schedule (if applicable) for the Partnership within 120 days of calendar year-end.

- Copy of Tax Extension (if applicable).

- General Partner will submit Draft Tax Returns to Investor Limited Partner for its approval prior to filing within 120 days of calendar year-end.

- Audited financial statements for the Partnership within 120 days of calendar year-end. Such audited report should include an audited balance sheet, an audited statement of income and expenses, an opinion by the Partnership's regular auditors as to the financial condition of the Partnership, auditors report on internal control, an auditor's report on compliance with specific requirements of applicable programs, the results of operations, a statement of the Partners' equity, and changes in financial condition and cash flow from the preceding year. All such reports shall be prepared in accordance with GAAP by the Partnership's regular certified public accountants. The books of account of the Partnership shall be kept on the accrual basis of accounting.

- During Construction and Lease-Up, a Balance Sheet for the Partnership within 120 days of calendar year-end.

- General Partner will submit the General Partners' and Guarantor's annual audited financial statements, including balance sheets and income statements, and federal income tax returns (including all Schedule K-1s and information returns) within thirty (30) days after the filing of such Person's federal income tax or information return. All such financial statements must be in form and detail acceptable to the Investor Limited Partner and must be certified as to accuracy by each Person with respect to itself. The financial statements must be prepared by a Certified Public Accountant acceptable to the Investor Limited Partner. All financial statements for individuals must be on the Investor Limited Partner's then-current personal financial statement form or such other form satisfactory to the Investor Limited Partner.

- An annual pro forma operating budget for the succeeding calendar year shall be prepared by the General Partners and furnished to the Special Limited Partner before December 1st of each year. In addition, the General Partners shall prepare and furnish to the Special Limited Partner an estimate of the Profits and Losses of the Partnership for federal income tax purposes for the current Fiscal Year not later than September 30 of each year. If the General Partner determines that the actual operating results shown on any annual budget will vary from such budget by more than 10%, the General Partner will immediately give the Special Limited Partner written notice of such variance together with a written explanation therefor.

- A copy of each low-income housing tax credit compliance report delivered to or prepared by the applicable tax credit monitoring agency with respect to the Project.

- A schedule setting forth the adjustments necessary, if any, to state the income of the Partnership using the longer depreciable lives available under GAAP (rather than the depreciable lives used for federal income tax purposes)

- Copies of any filings made by the Partnership with respect to the Project's compliance with rent and income restrictions set forth in any Regulatory Agreement or required by any Lender or Governmental Agency with respect to the Project.

- Delivery of the attached certification from the General Partner (**Attachment A**).

- Certification that Real Estate Taxes are current and have been paid in full.

- Such other information as the Investor Limited Partner may specifically request from time to time with regard to the business operations of the Partnership.

Quarterly Reporting: The Managing General Partner shall prepare a report within 60 days of the end of the first, second, and third calendar quarters to the Investor Limited Partner. These reports should provide sufficient financial and property information for the Investor Limited Partner to monitor its investment and should include:

- Status of project under construction, including projected and actual start date, percentage complete, and projected and actual end date, and any material budget issues or cost overruns (including fourth quarter).

- Status of projects in lease-up, including projected and actual start date, percentage leased, and projected and actual lease-up end date, (including fourth quarter).

- During lease-up, a Rent Roll should be submitted monthly. When lease-up is complete, a Rent Roll should be submitted quarterly.

- Unaudited financial statements and footnotes to the financial statements, including a balance sheet, income statement, statement of cash flows, reserve deposits and balances for such quarter, and as a note to the financial statements, a schedule of all loans or advances made to the Partnership by the General Partner pursuant to the Partnership

Agreement. For the avoidance of doubt, during construction of the Project and continuing after Permanent Mortgage Commencement, an unaudited balance sheet of the Company will need to be delivered to the Investor Limited Partner on a quarterly basis.

- A report detailing any material notice (of which the General Partner is aware) received by the General Partner of (i) an Internal Revenue Service proceeding involving the Partnership, (ii) any lapse, cancellation, or non-renewal of an insurance policy that insures the Partnership or its Property, and (iii) any other material notice (including fourth quarter).

- Notification of any new or revised submission of Previous Participation Certificate (form HUD-2530) including all applicable physical inspection dates and corresponding rating/score (including fourth quarter).

- During construction, a copy of each draw request for construction or development costs as such requests are made to the Lender.

Ongoing Information

- Ongoing notification all insurance requirements are being met.

- Prompt notification of any casualty or other significant adverse event relating to the Partnership including, without limitation, notification of any issues surrounding insurance claims which impact the delivery of credits.

Miscellaneous Information

- During construction and lease-up, anticipated tax credit adjuster amounts for properties experiencing significant construction and/or lease-up delays (including fourth quarter).

- Upon achievement of 100% of the Low Income Units in the Project are occupied by Qualified Tenants which shall be confirmed by the Management Agent and certified by the General Partner with a copy of such confirmation and certification, together with the rent roll and first year resident files forwarded to the Investor Limited Partner on a CD, USB flash drive or diskette.

- Within 30 days upon Investor Limited Partner request after the achievement of 100% of the Low Income Units in the Project are occupied by Qualified Tenants, a report of initial tenant files (delivered on a CD, USB flash drive or diskette) conducted by a qualified third-party firm reasonably approved by the Investor Limited Partner.

- After Conversion, estimated timing for receipt of 8609s.

[Note – requested changes to reporting requirements under review by asset management]

ATTACHMENT A

Certification Regarding
Arrowhead Grove Apartments Phase II

This CERTIFICATION dated _____ __, 20__ is delivered by WG PARTNERS 2 MGP, LLC, a California limited liability company (the "**General Partner**") to BANK OF AMERICA, N.A., a national banking association ("**BANA**") and BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation ("**BANA CDC**"), regarding the current conditions of the property owned by WATERMAN GARDENS PARTNERS 2, L.P., a California limited partnership (the "**Partnership**"). The limited partner of the Partnership is BANA (the "**Investor Limited Partner**"). The Partnership is currently governed by and operating according to that certain Amended and Restated Agreement of Limited Partnership (the "**Partnership Agreement**") dated as of [_____, 2019] (the "**Closing Date**")

The undersigned certifies to BANA and BANA CDC with regard to Arrowhead Grove Apartments Phase II (the "**Project**") as follows:

1. No litigation or proceeding against the Partnership, any General Partner, or Guarantor nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other Governmental Agency which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner or Guarantor, or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of counsel to the Partnership, remote. If such litigation has been filed, a statement detailing the litigation and the potential (or actual) outcome should be added at the end of this certificate.

2. No default by any General Partner, any affiliate thereof having any relationship with the Project, or the Partnership, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any document related to the Project.

3. The General Partner has not received any notices of any proceedings from the Internal Revenue Service pertaining to the Partnership and, if such notices have been received, then the General Partner will supply a statement at the end of this certificate detailing what corrective actions have been or will be taken.

4. Since the Closing Date, the General Partner has not stored (except in compliance with applicable hazardous waste laws) or disposed of any hazardous material at the Project; (ii) there has been no direct or indirect transportation or arrangement for the transportation of any hazardous material to, at or from the Project (except in compliance with applicable hazardous waste laws); (iii) no potential or known release, or threat of release, of any hazardous material at or from the Project has occurred; and (iv) no events have occurred at the property with regard to its environmental condition which would require the General Partner to provide notice to the Investor Limited Partner, BANA or BANA CDC under the terms of the Partnership Agreement.

5. [The Accountants have analyzed all Capital Accounts for minimum gain and such analysis does not indicate a reallocation of losses from depreciation and low-income housing tax credits away from the Investor Limited Partner and to the General Partner at any time during the Compliance Period.] [The Accountants have analyzed all Capital Accounts for minimum gain and such analysis does not indicate a reallocation of losses from depreciation and low-income housing tax credits away from the Investor Limited Partner and to the General Partner in an earlier year than was projected in the initial economic projections provided to BANA on the Closing Date.] [The Accountants have analyzed all Capital Accounts for minimum gain and such analysis does indicate a reallocation of losses from depreciation and low-income housing tax credits away from the Investor Limited Partner and to the General Partner in year __ of the Compliance Period. *If this option is selected, please set forth how any potential reallocations will be addressed.]*

6. The General Partner certifies that Real Estate Taxes are current and have been paid in full.

7. The undersigned acknowledges that BANA and BANA CDC will rely upon the foregoing certifications for purposes of its review of the annual reports and tax returns provided to it by the Partnership and hereby consents to such reliance.

8. Explanation of any Issues or Qualifications of the Prior Representations: *[If none, simply indicate N/A below.]*

1. _____

_____

_____

2. _____

_____

_____

3. _____

_____

_____

4. _____

_____

_____

5. _____

_____

_____

IN WITNESS WHEREOF, the undersigned have caused this Certificate to be duly executed as of the date and year first above written.

GENERAL PARTNER:

WG PARTNERS 2 MGP, LLC,
a California limited liability company

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

By: _____
Name: _____
Title: _____

Exhibit L

DEVELOPMENT AGREEMENT

[Attached]

DEVELOPMENT AGREEMENT
(Arrowhead Grove 2 Apartments Phase II)

This DEVELOPMENT AGREEMENT is made as of [_____, 2019] by and between WATERMAN GARDENS PARTNERS 2, L.P., a California limited partnership (the "**Partnership**") and NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA, a California nonprofit public benefit corporation (the "**Developer**").

Recitals

A. The Partnership was formed to acquire, construct, develop, improve, maintain, own, operate, lease, dispose of and otherwise deal with a 184-unit apartment project located in San Bernardino, California (the "**Project**").

B. The Project, following the completion of construction, is expected to constitute a "qualified low-income housing project" (as defined in Section 42(g)(1) of the Code).

C. In consideration for such services, the Partnership has agreed to pay to the Developer certain fees computed in the manner stated herein.

D. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Amended and Restated Agreement of Limited Partnership dated as of [_____, 2019] (the "**Partnership Agreement**").

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Development Services.

A. The Developer shall oversee the development and construction of the Project, and shall perform the services and carry out the responsibilities with respect to the Project as are set forth herein, and such additional duties and responsibilities as are reasonably within the general scope of such services and responsibilities and are designated from time to time by the General Partners.

B. The Developer's services shall be performed in the name and on behalf of the Partnership and shall consist of the duties set forth in the following subparagraphs of this Section 1.B and as provided elsewhere in this Agreement; provided, however, that if the performance of any duty of the Developer set forth in this Agreement is beyond the reasonable control of the Developer, the Developer shall nonetheless be obligated to (i) use its best efforts to perform such duty and (ii) promptly notify the General Partners that the performance of such duty is beyond its reasonable control. The Developer has performed or shall perform the following:

(i) Negotiate and cause to be executed in the name and on behalf of the Partnership agreements for architectural, engineering, testing or consulting services for the Project, and any agreements for the construction of any improvements or tenant improvements to be constructed or installed by the

Partnership or the furnishing of any supplies, materials, machinery or equipment therefor, or any amendments thereof, provided that no agreement shall be executed nor binding commitment made until the terms and conditions thereof and the party with whom the agreement is to be made have been approved by the General Partners unless the terms, conditions, and parties comply with guidelines issued by the General Partners concerning such agreements;

(ii) Assist the Partnership in dealing with neighborhood groups, local organizations, abutters and other parties interested in the development of the Project.

(iii) Establish and implement appropriate administrative and financial controls for the design and construction of the Project, including but not limited to:

- coordination and administration of the Project architect, the general contractor, and other contractors, professionals and consultants employed in connection with the design or construction of the Project;

- administration of any construction contracts on behalf of the Partnership;

- participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

- the rendering of advice and recommendations as to the selection procedures for and selection of subcontractors and suppliers;

- the review and submission to the General Partners for approval of all requests for payments under any architectural agreement, general contractor's agreement, or any loan agreements with any lending institutions providing funds for the benefit of the Partnership for the design or construction of any improvements;

- the submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Project;

- applying for and maintaining in full force and effect any and all governmental permits and approvals required for the lawful construction of the Project;

- compliance with all terms and conditions applicable to the Partnership or the Project contained in any governmental permit or approval required or obtained for the lawful construction of the Project, or in any insurance policy affecting or covering the Project, or in any surety bond obtained in connection with the Project;

- furnishing such consultation and advice relating to the Project as may be reasonably requested from time to time by the General Partners;

- keeping the General Partners fully informed on a regular basis of the progress of the design and construction of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by the General Partners;

- giving or making the Partnership's instructions, requirements, approvals and payments provided for in the agreements with the Project architect, general contractor, and other contractors, professionals and consultants retained for the Project; and

- at the Partnership's expense, filing on behalf of and as the attorney-in-fact for the Partnership any notices of completion required or permitted to be filed upon the completion of any improvement(s) and taking such actions as may be required to obtain any certificates of occupancy or equivalent documents required to permit the occupancy of dwelling units and other space in the Project.

(iv) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to and on such construction so as to be fully competent to approve or disapprove requests for payment made by the Project architect and the general contractor, or by any other parties with respect to the design and construction of the Project, and in addition to verify that the same is being carried out substantially in accordance with the plans and specifications approved by the General Partners or, in the event that the same is not being so carried out, to promptly so notify the General Partners.

(v) If requested to do so by the General Partners, perform on behalf of the Partnership all obligations of the Partnership with respect to the design and construction of the Project contained in any loan agreement or security agreement entered into in connection with any financing for the Project, or in any lease or rental agreement relating to space in the Project, or in any agreement entered into with any governmental body or agency relating to the terms and conditions of such construction, provided that copies of such agreements have been provided by

the Partnership to the Developer or the Partnership has otherwise notified the Developer in writing of such obligations.

(vi) To the extent requested to do so by the General Partners, prepare and distribute to the General Partners a critical path schedule, and periodic updates thereto as necessary to reflect any material changes, but in any event not less frequently than quarterly, other design or construction cost estimates as required by the General Partners, and financial accounting reports, including monthly progress reports on the quality, progress and cost of construction and recommendations as to the drawing of funds from any loans arranged by the Partnership to cover the cost of design and construction of the Project.

(vii) Assist the Partnership in obtaining and maintaining insurance coverage for the Project, the Partnership and its employees during the development phase of the Project, in accordance with an insurance schedule approved by the General Partners, which insurance shall include general public liability insurance covering claims for personal injury, including but not limited to bodily injury, or property damage, occurring in or upon the Property or the streets, passageways, curbs and vaults adjoining the Property. Such insurance shall be in a liability amount approved by the General Partners and in accordance with the requirements of the Partnership Agreement.

(viii) Comply with all applicable present and future laws, ordinances, orders, rules, regulations and requirements (hereinafter called "laws") of all Federal, state and municipal governments, courts, departments, commissions, boards and offices, any national or local Board of Fire Underwriters or Insurance Services Offices having jurisdiction in the county in which the Project is located or any other body exercising functions similar to those of any of the foregoing, or any insurance carriers providing any insurance coverage for the Partnership or the Project, which may be applicable to the Project or any part thereof. Any such compliance undertaken by the Developer on behalf of and in the name of the Partnership, in accordance with the provisions of this Agreement, shall be at the Partnership's expense. The Developer shall likewise ensure that all agreements between the Partnership and independent contractors comply with all such applicable laws.

(ix) Assemble and retain all contracts, agreements and other records and data as may be necessary to carry out the Developer's functions hereunder. Without limiting the foregoing, the Developer will prepare, accumulate and furnish to the General Partners and the appropriate governmental authorities, as necessary, data and information sufficient to identify the market value of improvements in place as of each real property tax lien date, and will make application for appropriate exclusions from the capital costs of the Project for purposes of real property *ad valorem* taxes.

(x) Coordinate and administer the design and construction of all interior tenant improvements to the extent required under any leases or other

occupancy agreements to be constructed or furnished by the Partnership with respect to the initial leasing of space in the Project, whether involving building standard or non-building standard work.

(xi) Use its best efforts to accomplish the timely completion of the Project in accordance with the approved plans and specifications and the time schedules for such completion approved by the General Partners.'

(xii) At the direction of the General Partners, implement any decisions of the General Partners made in connection with the design, development and construction of the Project or any policies and procedures relating thereto, exclusive of leasing activities.

(xiii) Perform and administer any and all other services and responsibilities of the Developer which are set forth in any other provisions of this Agreement, or which are requested to be performed by the General Partners and are within the general scope of the services described herein.

Section 2. Obligation to Complete Construction and to Pay Development Costs.

The Developer shall (i) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's or similar liens, and shall equip the Improvements or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, all in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract and (ii) cause the Partnership to satisfy any other requirements necessary to achieve Final Closing which relate specifically to the construction and development of the Project, in accordance with the Project Documents. If the Designated Proceeds as available from time to time are insufficient to pay all Eligible Development Costs, the Developer shall advance or cause to be advanced to the Partnership from time to time as needed all such funds as are required to pay such deficiencies. Any such advances ("**Development Advances**") shall, to the extent permitted under the Project Documents and any applicable Regulations or requirements of the Lenders and any Governmental Agency (or otherwise with any Requisite Approvals), be reimbursed at or prior to the Development Obligation Date (or, in the case of proceeds of Capital Contributions, through the date on which such Capital Contributions are received by the Partnership) only out of Designated Proceeds available from time to time after payment of all Development Costs. Any balance of the amount of each Development Advance not reimbursed through the Development Obligation Date (or, in the case of proceeds of Capital Contributions, through the date on which such Capital Contributions are received by the Partnership) shall not be reimbursable, shall not be credited to the Capital Account of any Partner, or otherwise change the Interest of any Person in the Partnership, but shall be borne by the Developer under the terms of this Agreement.

Section 3. Limitations and Restrictions.

Notwithstanding any provisions of this Agreement, the Developer shall not take any action, expend any sum, make any decision, give any consent, approval or authorization, or incur

any obligation with respects to any of the following matters unless and until the same has been approved by the General Partners:

(i) Approval of all construction and architectural contracts and all architectural plans, specifications and drawings prior to the construction and/or alteration of any improvements contemplated thereby, except for such matters as may be expressly delegated in writing to the Developer by the General Partners;

(ii) Any proposed change in the work of the construction of the Project, or in the plans and specifications therefor as previously approved by the General Partners, or in the cost thereof, or any other change which would affect the design, cost, value or quality of the Project, except for such matters as may be expressly delegated in writing to the Developer by the General Partners; or

(iii) Expending more than what the Developer in good faith believes to be the fair and reasonable market value at the time and place of contracting for any goods purchased or leased or services engaged on behalf of the Partnership or otherwise in connection with the Project.

Section 4. Accounts and Records.

A. The Developer, on behalf of the Partnership, shall keep such books of account and other records as may be required and approved by the General Partners, including, but not limited to, records relating to the costs for which construction advances have been requested and/or received. The Developer shall keep vouchers, statements, receipted bills and invoices and all other records, in the form approved by the General Partners, covering all collections, if any, disbursements and other data in connection with the Project prior to final completion of construction. All accounts and records relating to the Project, including all correspondence, shall be surrendered to the Partnership upon demand without charge therefor.

B. The Developer shall cooperate with the Management Agent to facilitate the timely preparation by the Management Agent of such reports and financial statements as the Management Agent is required to furnish pursuant to the Management Agreement.

C. All books and records prepared or maintained by the Developer shall be kept and maintained at all times at the place or places approved by the General Partners, and shall be available for and subject to audit, inspection and copying by the Management Agent, the General Partners or any representative or auditor therefor or supervisory or regulatory authority, at the times and in the manner set forth in the Partnership Agreement.

Section5. Compensation.

A. For its services in connection with the development of the Project and the supervision of the construction of the Improvements, and as reimbursement for Development Advances, the Developer shall be entitled to receive an amount (the "**Development Amount**"), inclusive of all fees and overhead, equal to $[9,400,000] (or such lesser amount as may be permitted by the Credit Agency). Of the Development Amount, $[900,000] has accrued for services rendered prior to the date of this Agreement. The balance of the Development Amount

shall be deemed to have been earned pro rata as and when the dwelling units in the Project have been completed and are ready to be placed in service.

B. The Development Amount shall be paid from and to the extent of Designated Proceeds available therefor from time to time as follows:

(i) $[900,000] of the Development Amount will be paid to the Developer at the time of Investment Closing;

(ii) $[900,000] of the Development Amount will be payable on the Completion Date;

(ii) $[7,040,000] of the Development Amount will be payable at the time of the Third Installment; and

(iii) $[560,000] of the Development Amount will be payable at the time of the Fourth Installment.

C. The outstanding balance in the anticipated amount of $[0] (the "**Deferred Development Fee**") shall be paid from the proceeds of certain Capital Contributions and from distributions of Cash Flow or the proceeds of Capital Transactions in accordance with the provisions of Sections 4.1B, 10.1A and 10.1B of the Partnership Agreement; *provided*, *however*, that the Partnership shall be obligated to pay any outstanding balance of the Deferred Development Fee on the earlier to occur of the thirteenth (13^{th}) anniversary of the Completion Date or the date of liquidation of the Partnership. Payment of the Development Amount shall also be subject to all applicable provisions of Section 7.7 of the Partnership Agreement.

D. The Development Amount shall be applied first to reimburse the Developer for any Development Advances and then to pay the Developer a development fee for its services hereunder. In the event there shall be Designated Proceeds remaining after application thereof to effect payment of the entire Development Amount and to effect payment of all other Development Costs, such excess shall be paid to the Developer as an incentive development fee, subject to any Requisite Approvals.

E. No Partner of the Partnership shall have any personal liability for payment of all or any portion of the Development Amount.

F. In the event that the Investor Limited Partner shall give notice to the General Partner that in the reasonable judgment of the Investor Limited Partner depreciation deductions will no longer be allocated to the Investor Limited Partner as a result of the treatment of the outstanding balance of the Development Amount as a Partner Non-Recourse Debt, the Developer agrees that the General Partner may take all such action as may be necessary to assure that the outstanding balance of the Development Amount shall constitute a Partnership Nonrecourse Liability.

G. Notwithstanding the foregoing, in the event that, as of the Completion Date, the percentage of the aggregate basis of the land and buildings (including site improvements) funded from the tax-exempt bond proceeds of the Mortgage Loan would be less than 50% (as defined

for purposes of Section 42(h)(4)(B) of the Code), the Development Amount determined pursuant to Section 5.A shall be reduced to the extent necessary to assure that such percentage would be not less than 50% as of such date.

Section 6. Amendment.

This Agreement may be amended only in a writing executed by the parties hereto; provided, however, that no such amendment shall be effective without the Consent of the Investor Limited Partner.

Section 7. Default and Remedies.

A. If the Developer shall default in the performance of any of its covenants or obligations under this Agreement and such default shall continue unremedied for a period of thirty (30) days after written notice thereof from the Partnership to the Developer, the Partnership may exercise one or more of the following rights and remedies, provided, however, if the default is of such a nature that it cannot be cured within the 30-day period, and the Developer has commenced to cure each default within the 30-day period, the Developer shall have an additional thirty (30) days in which to cure said default provided it acts in good faith and with due diligence to cure the same (all of which shall be cumulative):

(i) Terminate the Development Agreement.

(ii) Enforce the provisions of this Agreement by legal proceedings for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy and recover damages caused by any breach by the Developer of the provisions of this Agreement, including court costs, reasonable attorneys' fees and other expenses incurred in the enforcement of the obligations of the Developer hereunder.

(iii) Exercise any and all rights and remedies which the Partnership (or its Partners) may have under applicable law.

B. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any event of default hereunder which is not cured within the time period specified in Section 7.A above, the Partnership is authorized to set off and to apply any amounts payable to the Developer hereunder, or to the Developer or any Affiliate thereof under the Partnership Agreement or any Related Agreement against and on account of the obligations of the Developer to the Partnership hereunder.

Section 8. Applicable Law.

This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the State.

Section 9. Binding Agreement.

Subject to the following sentence, this Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns. The Developer may not assign any of its rights (including rights to payment) or obligations hereunder without the Consent of the Investor Limited Partner.

Section 10. Headings.

All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

Section 11. 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.

Section 12. Benefit of Agreement.

The obligations and undertakings of the Developer set forth in this Agreement are made for the benefit of the Partnership and its Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights hereunder.

Section 13. Notices.

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given and received (i) two (2) business days after being deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) one (1) business day after being delivered to a nationally recognized overnight delivery service, (iii) on the day sent by telecopier or other facsimile transmission, answer back requested, or (iv) on the day delivered personally, in each case, to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the other party:

A. If to the Partnership, at the principal office of the Partnership set forth in Article II of the Partnership Agreement; and

B. If to the Developer, 9421 Haven Avenue, Rancho Cucamonga, California 91730,

in either case, with copies to Buchalter, a Professional Corporation, 1000 Wilshire Blvd., Suite 1500, Los Angeles, California, 90017-2457, Attn: Michael A. Williamson, Esq.

Section 14. Relationship of the Parties.

Nothing contained in this Agreement shall be construed to constitute the Developer as a partner, employee or agent of the Partnership, nor shall the Developer (in its capacity as such and not as a General Partner) hold itself out as such. Except as specifically set forth herein, the Developer (in its capacity as such and not as a General Partner) has no right or authority to incur,

assume or create, in writing or otherwise, any liability or obligation of any kind, express or implied, in the name or on behalf of the Partnership, it being intended by the parties that the Developer (in its capacity as such and not as a General Partner) be and remain an independent contractor responsible for its own actions.

Section 15. Termination.

This Agreement shall be subject to termination as provided in Section 7A hereof and as provided in Section 7.7I of the Partnership Agreement.

Section 16. Severability.

Each provision of this Agreement shall be considered separable and if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement that are valid.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date and year first above written.

PARTNERSHIP:

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 and manager

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

DEVELOPER:

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA,
a California nonprofit public benefit corporation

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

Exhibit M

GUARANTY AGREEMENT

[Attached]

GUARANTY AGREEMENT
(Arrowhead Grove Apartments Phase II)

[_____, 2019]

Reference is hereby made to the Amended and Restated Agreement of Limited Partnership, dated as of [_____, 2019] (the "**Partnership Agreement**") of Waterman Gardens Partners 2, L.P., a California limited partnership (the "**Partnership**").

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Partnership Agreement.

BANK OF AMERICA, N.A., a national banking association (the "**Investor Limited Partner**") and BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation (the "**Special Limited Partner**" and, together with the Investor Limited Partner, the "**Limited Partners**"), are about to acquire limited partnership interests in the Partnership (the "**Interests**") pursuant to the Partnership Agreement. As a result of the admission of the Limited Partners to the Partnership and the Investor Limited Partner's contribution of capital to the Partnership in accordance with the terms of the Partnership Agreement, the undersigned expect to receive substantial benefits, including, without limitation, certain fees relating to the construction and development of the Project.

To induce the Investor Limited Partner to acquire an interest in the Partnership, to enter into the Partnership Agreement and to become the Investor Limited Partner of the Partnership, National Community Renaissance of California, a California nonprofit public benefit corporation (the "**Guarantor**", which term, if there is only one Guarantor, shall refer to such sole Guarantor alone) hereby unconditionally and irrevocably, jointly and severally, guarantee to the Investor Limited Partner, commencing on the date of Investment Closing, the due and punctual performance by the General Partners and the Developer of all of their obligations under the Partnership Agreement and the Development Agreement (collectively referred to herein as the "**Obligations**").

Each Guarantor shall furnish the Investor Limited Partner a current and accurate financial statement demonstrating compliance with the foregoing covenants within thirty (30) days after the filing of such Person's federal income tax or information return and at such other times (and together with such other financial information) as the Investor Limited Partner may reasonably request from time to time.

This is a Guaranty of payment and performance, and not of collection only, and the obligations under this Guaranty will be absolute, independent and unconditional under all circumstances.

The Guarantors hereby agree that their obligations hereunder shall be unconditional (and shall not be subject to any advance, set-off, counterclaim or recoupment whatsoever), irrespective of the regularity or enforcement of any Project Document, the Partnership Agreement, the Development Agreement or this Agreement or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstances which might otherwise limit the recourse of the Investor Limited Partner against

the undersigned. The undersigned hereby waive diligence, presentment and demand for payment, protest, any notice of any assignment hereunder in whole or in part or of any default hereunder or under any Project Document, the Partnership Agreement or the Development Agreement, and all notices with respect to this Guaranty, the Partnership Agreement, the Development Agreement or the Project Documents. No waiver by the Investor Limited Partner of any of its rights under the Project Documents, the Partnership Agreement, the Development Agreement or this Guaranty and no action by the Investor Limited Partner to enforce any of its rights under this Guaranty or failure to take, or delay in taking, any such action shall effect the Guarantors' obligations hereunder.

The obligations of the Guarantors hereunder shall remain in full force and effect without regard to, and shall not be affected or impaired by, (i) any amendment or modification of or addition or supplement to the Partnership Agreement, the Development Agreement or any of the Project Documents, except as insofar as such amendment, modification, addition or supplement shall directly affect any obligation hereunder (and the Investor Limited Partner shall have affirmatively consented thereto), (ii) any extension, indulgence or other action or inaction in respect of the Partnership Agreement, the Development Agreement or the Project Documents, or any exercise or nonexercise of any right, remedy, power or privilege in respect of such documents or this Guaranty, (iii) any default by the Guarantors under, or any illegality or unenforceability of, or any irregularity or defect in, the Partnership Agreement, the Development Agreement, the Project Documents or any provision of this Guaranty, (iv) any event of bankruptcy, insolvency, reorganization or similar proceeding involving or affecting the Partnership or any of the Guarantors, or (v) any other circumstances, whether or not the undersigned or the Investor Limited Partner shall have actual or constructive notice or knowledge thereof.

Guarantors unconditionally waive any defense to the enforcement of this Guaranty, to the extent allowed under applicable law, including, without limitation:

(i) All presentments, protests, notices of protests, notices of dishonor, and notices of acceptance of this Guaranty;

(ii) Any right to require Investor Limited Partner or the Partnership to proceed against General Partner, or any other guarantor at any time, or to proceed against or exhaust any security held by Investor Limited Partner or the Partnership at any time, or to pursue any other remedy whatsoever at any time;

(iii) Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, or other proceeding relating to General Partner, any of their subcontractors or suppliers, the Partnership, or any other guarantor or any Affiliate of Guarantors, General Partner, or of the Partnership, or any action taken with respect to this Guaranty by any trustee or receiver, or by any court in any such proceeding, whether or not Guarantors had notice or knowledge of any of the foregoing;

(iv) Any defense arising by reason of: any invalidity or unenforceability of the Obligations, the Partnership Agreement, or any provision thereof (provided that the foregoing will not prohibit Guarantors from asserting as a defense that not all of the conditions precedent to

the obligations of General Partner under the Partnership Agreement at issue had been satisfied); or any disability of any other guarantor; the manner in which Investor Limited Partner or the Partnership exercised its rights or remedies with respect to the Obligations or the Partnership Agreement; or the cessation from any cause whatsoever of the liability of General Partner, the Partnership, or any other Guarantor;

(v) Any right Guarantors might have under any applicable law to revoke this Guaranty, it being the intent of Guarantors that this Guaranty remain in full force and effect until termination, as provided in this Guaranty;

(vi) The defense of any statute of limitations affecting Guarantors' liability under this Guaranty or the liability of General Partner under the Partnership Agreement;

(vii) Any defense based upon an election of remedies by the Partnership or Investor Limited Partner, including, without limitation, any remedy that destroys or impairs the subrogation rights of Guarantors to proceed against General Partner for reimbursement or contribution or any rights or benefits under any provisions of California law in any way qualifying, conditioning or limiting the obligations of Guarantors based on any steps or procedures that a lender should take before proceeding against Guarantors; Guarantors wish by this paragraph to waive the rights and defenses permitted to be waived under Section 2856 of the California Civil Code, by which a guarantor may provide the following:

(viii) The Guarantors waive all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Guarantors' rights of subrogation and reimbursement against the principal by operation of Section 580d of the Code of Civil Procedure or otherwise;

(ix) Any duty of the Partnership or Investor Limited Partner to advise Guarantors of any information known to the Partnership or Limited Partner regarding the financial condition of General Partner or the Partnership and all other circumstances affecting the ability of Guarantors or the Partnership to perform its obligations to Limited Partner, or the ability of General Partner to perform their obligations to Limited Partner or the Partnership, it being agreed that Guarantors assume the responsibility for being and keeping informed regarding such conditions or any such circumstances;

(x) Any right of subrogation, reimbursement, exoneration, contribution, or indemnity, and any right or claim of any kind or nature against General Partner or the Partnership that arises out of or is caused by this Guaranty, and any right to enforce any remedy that the Partnership or Investor Limited Partner now has or may hereafter have against General Partner, and any benefit of, and any right to participate in, any security now or hereafter held by the Partnership or Investor Limited Partner; and

(xi) Any rights or benefits in favor of Guarantors under Sections 2809, 2810, 2815, 2819, 2824, 2839, 2845, 2849 or 2850 of the California Civil Code or under Sections 364 or 1111(b) of 11 U.S.C.

All notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given (a) three (3) days after being deposited in the United States mail and sent by certified or registered mail, postage pre-paid, (b) one day after being delivered to a nationally recognized overnight courier service, service prepaid, which requires written acknowledgement of receipt or (c) when delivered personally, in each case, to the parties at the addresses set forth below at such other addresses as such parties may designate by notice to other parties:

(i) if to the Guarantors, at 9421 Haven Avenue, Rancho Cucamonga, California 91730, with a copy to Klein Hornig LLP at 1325 G Street NW, Suite 770, Washington, DC 20005, Attn: Chris Hornig, Esq.

(ii) if to the Limited Partners, c/o Community Development Banking, Community Development Banking, Mail Code: MA1-225-02-02, 225 Franklin Street, Boston, Massachusetts 02110, with a copy to Buchalter, a Professional Corporation, 1000 Wilshire Blvd., Suite 1500, Los Angeles, California, 90017-2457, Attn: Michael A. Williamson, Esq.

This Guaranty (i) shall be governed by and construed in accordance with the internal law of the State, (ii) shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, personal representatives, successors and assigns of the parties, and (iii) may not be modified, amended or terminated except by a written agreement by and between the Investor Limited Partner and the undersigned Guarantors.

The obligations of the undersigned Guarantors hereunder are imposed solely and exclusively for the benefit of the Investor Limited Partner and no other person shall have any standing to enforce such obligations or shall be deemed to be beneficiaries of such obligations.

Each provision of this Guaranty shall be considered separable and if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Guaranty that are valid.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be duly executed as of the date and year first written above.

GUARANTOR:

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA,
a California nonprofit public benefit corporation

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

Exhibit N

[Reserved]

Exhibit O

PARTNERSHIP MANAGEMENT AGREEMENT

[Attached]

PARTNERSHIP MANAGEMENT AGREEMENT
(Arrowhead Grove Apartments Phase II)

This PARTNERSHIP MANAGEMENT AGREEMENT is dated as of [_____, 2019], between WATERMAN GARDENS PARTNERS 2, L.P., a California limited partnership (the "**Partnership**"), and WG PARTNERS 2 MGP, LLC, a California limited liability company (the "**Managing General Partner**").

Recitals

A. The Partnership, pursuant to its Amended and Restated Agreement of Limited Partnership dated as of [_____, 2019] (the "**Partnership Agreement**"), is engaged in the ownership and operation of a 184-unit apartment complex located in San Bernardino, California known as Arrowhead Grove Apartments Phase II (the "**Project**").

B. Pursuant to Section 6.4 of the Partnership Agreement, the Managing General Partner is obligated to perform certain services on behalf of the Partnership. The Partnership has agreed to pay the Managing General Partner a certain fee for undertaking and performing these obligations, all as hereinafter provided.

C. Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Partnership Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Obligations of Managing General Partner.

The Managing General Partner shall perform those duties and obligations as set forth in Section 6.4 of the Partnership Agreement.

2. Partnership Management Fee.

In consideration of the Managing General Partner performing the obligations described in Section 1 above, the Partnership shall pay to the Managing General Partner an annual cumulative fee (the "**Partnership Management Fee**") in an amount equal to $[45,000] per year, earned on an annual basis, beginning to accrue on the first day of the month the Project is placed in service (with a pro-rata share of such fee earned for any partial calendar year) and increasing annually at a rate of 3%. The Partnership Management Fee is payable pursuant to and in accordance with the Partnership Agreement. Notwithstanding the foregoing, however, the Partnership Management Fee shall be payable only to the extent of Cash Flow available for distribution after the payments described in clauses *First* through *Fifth* of Section 10.1A of the Partnership Agreement of the Partnership *provided*, *however*, that with respect to any Fiscal Year, the Partnership Management Fee, and any management fees payable to the Management Agent pursuant to the terms of the

Management Agreement shall not exceed twelve percent (12%) of the Partnership's Cash Receipts for such year.

3. Termination.

Notwithstanding anything contained in this Agreement to the contrary, in the event that the Managing General Partner shall default in any material respect in any of its obligations under the Partnership Agreement or hereunder and such default shall continue for fifteen (15) days, then the Investor Limited Partner shall give the Managing General Partner notice of such event, and thereafter the Partnership shall, subject to all Requisite Approvals, forthwith terminate this Agreement, unless the Consent of the Investor Limited Partner is obtained to the retention of the Managing General Partner hereunder. In addition, this Agreement shall automatically terminate upon the removal of the Managing General Partner for cause or the Retirement of the Managing General Partner in contravention of the terms of the Partnership Agreement.

4. Reporting Obligation Damages.

If the General Partners shall be obligated to pay damages to the Investor Limited Partner under Section 12.1Q of the Partnership Agreement, the Managing General Partner shall forthwith cease to be entitled to the Partnership Management Fee. Payments of the Partnership Management Fee shall be restored only upon the payment of such damages in full, and any amount of such damages not so paid shall be deducted against payments of the Partnership Management Fee otherwise due and payable.

5. Term of Agreement.

The term of this Agreement shall commence on and as of the date hereof and shall continue in full force and effect until termination of the Partnership. This Agreement may be terminated by either party hereto at any time after Final Closing on six months' notice and shall be terminated as described in Section 4.

6. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State.

7. 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 the 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.

8. Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.

9. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

10. Headings

All headings in this Agreement are for convenience of reference only. 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. Amendments

This Agreement shall not be amended except by written agreement between the parties with the consent of the Investor Limited Partner.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date and year first above written.

PARTNERSHIP:

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 and manager

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

MANAGING GENERAL PARTNER:

WG PARTNERS 2 MGP, LLC,
a California limited liability company

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

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

Exhibit P

RIGHT OF FIRST REFUSAL AGREEMENT

[Attached]

RIGHT OF FIRST REFUSAL AGREEMENT
(Arrowhead Grove Apartments Phase II)

This RIGHT OF FIRST REFUSAL AGREEMENT (the "**Agreement**") is made and entered into as of [_____, 2019], among WATERMAN GARDENS PARTNERS 2, L.P., a California limited partnership (the "**Owner**") and the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body, corporate and politic ("**Grantee**"), and is consented to by WG PARTNERS 2 MGP, LLC, a California limited liability company (the "**General Partner**"), WATERMAN AFFORDABLE 3 LLC, a California limited liability company (the "**HA Limited Partner**"), WG 2 DGP LLC, a Massachusetts limited liability company (the "**Clancy Limited Partner**"), BANK OF AMERICA, N.A., a national banking association (the "**Investor Limited Partner**"), BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation (the "**Special Limited Partner**"). The General Partner, the HA Limited Partner, the Clancy Limited Partner, the Investor Limited Partner and the Special Limited Partner are sometimes collectively referred to herein as the "**Consenting Partners**".

Recitals

A. The Owner, pursuant to its Amended and Restated Agreement of Limited Partnership dated as of [_____, 2019] by and among the Consenting Partners (the "**Partnership Agreement**"), is engaged in the ownership and operation of a 184-unit apartment complex located in San Bernardino, California known as Arrowhead Grove Apartments Phase II (the "**Project**"). The real property comprising the Project is legally defined on **Exhibit A**.

B. The Grantee is an Affiliate of the HA Limited Partner and is instrumental to the development of the Project; and

C. The Owner desires to give, grant, bargain, sell and convey to the Grantee certain rights of first refusal to purchase the Project on the terms and conditions set forth herein;

D. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Partnership Agreement.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which the parties hereto acknowledge, the parties hereby agree as follows:

Section 1. Right of First Refusal

The Owner hereby grants to the Grantee a right of first refusal (the "**Refusal Right**") to purchase the real estate, fixtures, and personal property comprising the Project or associated with the physical operation thereof and owned by the Owner at the time (the "**Property**"), for the price and subject to the other terms and conditions set forth below.

Section 2. Exercise of Refusal Right

A. In the event that the Owner receives a bona fide offer to purchase the Property at any time during the period beginning on the date of termination of the Compliance Period and continuing until the fifth anniversary thereof, the Owner shall give the Grantee notice of its receipt of such offer to purchase the Property (the "**Offer Notice**") and shall deliver a copy of the Offer Notice to each of the Consenting Partners. The Grantee shall have a period of sixty (60) days from the date of receipt of the Offer Notice to elect to exercise its Refusal Right by delivering written notice to the Owner of its election to do so (the "**Election Notice**") and a copy of the Election Notice to each of the Consenting Partners. All costs of the exercise of the Refusal Right, including without limitation any filing or recording fees and applicable transfer taxes, shall be paid by the Grantee.

B. If Grantee fails to deliver the Election Notice within sixty (60) days of receipt of the Offer Notice, or if such Election Notice is delivered but the Grantee does not consummate the purchase of the Property within ninety (90) days from the date of delivery of the Election Notice, then its Refusal Right shall terminate. Thereafter, the Owner shall be permitted to sell the Property free of the Refusal Right.

C. Notwithstanding anything to the contrary herein, the right of the Grantee to exercise the Refusal Right and consummate any purchase pursuant thereto is contingent on each of the following being true and correct at the time of exercise and purchase:

(i) the HA Limited Partner shall be continuing to serve as a limited partner of the Owner and shall not be in material default under the Partnership Agreement,

(ii) neither the Grantee nor any Affiliate of the Grantee shall be in material default under any agreement with the Owner, the Investor Limited Partner, or the Special Limited Partner, and

(iii) the Grantee shall be a government agency or a "qualified nonprofit organization" as defined in Section 42(h)(5)(C) of the Code.

D. The closing on the sale of the Property shall take place in San Bernardino, California at the time and place set forth in the Election Notice (the "**Closing**").

Section 3. **Purchase Price**

A. The Property's purchase price under the Refusal Right (the "**Purchase Price**") shall be the sum of:

(i) the outstanding principal, accrued interest, any prepayment penalty and any other amounts due under any and all mortgage loan documents relating to the Property, whether or not such amounts are due upon sale, and the total amount of all other indebtedness of Owner as of the date of Closing (collectively, the "**Loans**"); and

(ii) an amount sufficient to assure receipt by the Investor Limited Partner from the proceeds of the sale of the Property (when distributed pursuant to liquidation provisions in the Partnership Agreement) of an amount not less than the sum of all federal, state and local taxes, including without limitation, all income taxes due upon sale, incurred or to be incurred by the Investor Limited Partner (or its constituent partners or members) as a result of such sale, plus the amount of any theretofore unpaid Credit Adjustment payments and other unpaid obligations to which the Investor Limited Partner is entitled under the Partnership Agreement, plus the amount of any unpaid obligations owed to the Investor Limited Partner; and

(iii) an amount sufficient to assure receipt by the General Partner from the proceeds of the sale of the Property (when distributed pursuant to liquidation provisions in the Partnership Agreement) of (a) an amount not less than the sum of all federal, state and local taxes, including without limitation, all income taxes due upon sale, incurred or to be incurred by the General Partner (or its constituent partners or members) as a result of such sale, plus (b) the amount of any amounts then owing from the Owner to the General Partner or any affiliate of the General Partner, whether as loan repayment, unpaid fee, or otherwise, plus (c) a disposition fee equal to $[3,648,000], which the parties acknowledge to be [fifty-seven percent (57%)] of the General Partner's initial capital contribution to the Owner; and

(iv) an amount sufficient to assure receipt by the Clancy Limited Partner from the proceeds of the sale of the Property (when distributed pursuant to liquidation provisions in the Partnership Agreement) of (a) an amount not less than the sum of all federal, state and local taxes, including without limitation, all income taxes due upon sale, incurred or to be incurred by the Clancy Limited Partner (or its constituent partners or members) as a result of such sale, plus (b) the amount of any amounts then owing from the Owner to the Clancy Limited Partner or any affiliate of the Clancy Limited Partner, whether as loan repayment, unpaid fee, or otherwise, plus (c) a disposition fee equal to $[640,000], which the parties acknowledge to be ten percent (10%) of the General Partner's initial capital contribution to the Owner.

In computing such amounts, it shall be assumed that each of the Partners of the Owner (or their constituent partners or members) has an effective combined federal, state and local income tax rate equal to the maximum of such rates in effect on the date of Closing; and

B. Notwithstanding the foregoing, however, the Purchase Price shall never be less than the amount of the "minimum purchase price" as defined in Section 42(i)(7)(B) of the Code.

Section 4. Payment of Purchase Price

The Purchase Price shall be paid at Closing in one of the following methods:

(i) the payment of all cash or immediately available funds at Closing, or

(ii) the assumption of any assumable Loans if Grantee has obtained the consent of the lenders to the assumption of such Loans, which consent shall be secured at the sole cost and expense of Grantee; provided, however, that any Purchase Price balance remaining after the assumption of the Loans shall be paid by Grantee in immediately available funds.

Section 5. Conditions Precedent; Termination

A. Notwithstanding anything in this Agreement to the contrary, the Refusal Right granted hereunder shall be contingent on the following being true and correct at the time of exercise of the Refusal Right and any purchase pursuant thereto: neither the Grantee nor any Affiliate of the Grantee is in material default under the Partnership Agreement or any agreement with the Owner, the Investor Limited Partner or the Special Limited Partner. If such condition precedent is not satisfied, the Refusal Right shall not be exercisable and the Agreement shall be of no further force and effect.

B. This Agreement shall automatically terminate upon the occurrence of any of the following events and, if terminated, shall not be reinstated unless such reinstatement is agreed to in a writing signed by the Grantee and each of the Consenting Partners:

(i) the Transfer of the Property to a lender in total or partial satisfaction of any loan; or

(ii) any Transfer or attempted Transfer of all or any part of the Refusal Right, whether by operation of law or otherwise, except as otherwise permitted under Section 8 of this Agreement; or

(iii) the removal of the HA Limited Partner under the Partnership Agreement; or

(iv) the Project ceases to be a "qualified low-income housing project" within the meaning of Section 42 of the Code.

Section 6. Contract and Closing

Upon determination of the purchase price, the Owner and the Grantee shall enter into a written contract for the purchase and sale of the Property in accordance with the terms of this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Property is located, providing for a closing not later than the date specified in the Election Notice or thirty (30) days after the Purchase Price has been determined, whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Refusal Right.

Section 7. Conveyance and Condition of the Property

The Owner's right, title and interest in the Property shall be conveyed by quitclaim deed, subject to such liens, encumbrances and parties in possession as shall exist as of the date of Closing. The Grantee shall accept the Property "**AS IS, WHERE IS**" and "**WITH ALL FAULTS AND DEFECTS**," latent or otherwise, without any warranty or representation as to the condition thereof whatsoever, including without limitation, without any warranty as to fitness for a particular purpose, habitability, or otherwise and no indemnity for hazardous waste or other conditions with respect to the Property will be provided. It is a condition to Closing that all amounts due to the Owner and the Investor Limited Partner from the Grantee or its Affiliates be paid in full. The Grantee shall pay all closing costs, including, without limitation, the Owner's attorney's fees. Upon closing, the Owner shall deliver to the Grantee, along with the deed to the property, an ALTA owner's title insurance policy dated as of the close of escrow in the amount of the purchase price, subject to the liens, encumbrances and other exceptions then affecting the title.

Section 8. Transfer.

The Refusal Right shall not be Transferred to any Person without the Consent of the Investor Limited Partner. In the case of any such permitted transfer, (i) all conditions and restrictions applicable to the exercise of the Refusal Right or the purchase of the Property pursuant thereto shall also apply to such transferee, and (ii) such transferee shall be disqualified from the exercise of any rights hereunder at all times during which Grantee would have been ineligible to exercise such rights hereunder had it not effected such transfer.

Section 9. Rights Subordinate; Priority of Requirements of Section 42 of the Code

This Agreement is subordinate in all respects to any regulatory agreements and to the terms and conditions of the Mortgage Loans encumbering the Property. In addition, it is the intention of the parties that nothing in this Agreement be construed to affect the Owner's status as owner of the Project for federal income tax purposes prior to exercise of the Refusal Right granted hereunder. Accordingly, notwithstanding anything to the contrary contained herein, both the grant and the exercise of the Refusal Right shall be subject in all respects to all applicable provisions of Section 42 of the Code, including, in particular, Section 42(i)(7). In the event of a conflict between the provisions contained in this Agreement and Section 42 of the Code, the provisions of Section 42 shall control.

Section 10. Alternative Purchase of Partnership Interests

Notwithstanding the foregoing, if the Service hereafter issues public authority to permit the owner of a low-income housing tax credit project to grant a "right of first refusal to purchase partnership interests" pursuant to Section 42(i)(7) of the Code as opposed to a "right of first refusal to purchase the Property" without adversely affecting the status of such owner as owner of its project for federal income tax purposes, the Grantee may, at its election, in lieu of a direct acquisition of the Property pursuant to the Refusal Right, acquire the partnership interests (but not less than all of such interests) of all the partners of the Owner for a purchase price to each of them equal to the amount which would be distributable to each such partner upon liquidation of the Owner following any sale of the Property under the Refusal Right at the Purchase Price as calculated under Section 3.

Section 11. Option to Purchase

The parties hereto agree that if the Service hereafter issues public authority to permit the owner of a low-income housing tax credit project to grant an "option to purchase" pursuant to Section 42(i)(7) of the Code as opposed to a "right of first refusal" without adversely affecting the status of such owner as owner of its project for federal income tax purposes, then the parties shall amend this Agreement and the Owner shall grant the Grantee an option to purchase the Property at the Purchase Price.

Section 12. Notice

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given and received (i) two (2) business days after being deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) one (1) business day after being delivered to a nationally recognized overnight delivery service, (iii) on the day sent by telecopier or other facsimile transmission, answer back requested, or (iv) on the day delivered personally, in each case, to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the other party:

(i) If to the Owner, at the principal office of the Owner set forth in Article II of the Partnership Agreement;

(ii) If to a Consenting Partner, at their respective addresses set forth in Exhibit A of the Partnership Agreement;

(iii) If to the Grantee, at 715 East Brier Drive, San Bernardino, California 92408-2841, Attn: Executive Director,

in each case, with copies to Buchalter, a Professional Corporation, 1000 Wilshire Blvd., Suite 1500, Los Angeles, California, 90017-2457, Attn: Michael A. Williamson, Esq. and Klein Hornig LLP at 1325 G Street NW, Suite 770, Washington, DC 20005, Attn: Chris Hornig, Esq.

Section 13. 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 the 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.

Section 14. Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.

Section 15. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 16. Governing Law

This Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to principles of conflicts of law.

Section 17. Headings

All headings in this Agreement are for convenience of reference only. Masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

Section 18. Amendments

This Agreement shall not be amended except by written agreement between Grantee and the Owner with the consent of each of the Consenting Partners.

Section 19. Time

Time is of the essence with respect to this Agreement, and all provisions relating thereto shall be so construed.

Section 20. Legal Fees

Except as otherwise provided herein, in the event that legal proceedings are commenced by the Owner against the Grantee or by the Grantee against the Owner in connection with this Agreement or the transactions contemplated hereby, the prevailing party shall be entitled to recover all reasonable attorney's fees and expenses.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

OWNER:

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 and manager

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

GRANTEE:

HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO,
a public body, corporate and politic

By: _____
Name: _____
Title: _____

The undersigned hereby consent to the foregoing Agreement as of the date first set forth hereinabove.

INVESTOR LIMITED PARTNER:

BANK OF AMERICA, N.A.,
a national banking association

By: _____
Name: Casey Carpenter
Title: Vice President

SPECIAL LIMITED PARTNER:

BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC.,
a North Carolina corporation

By: _____
Name: Casey Carpenter
Title: Vice President

The undersigned hereby consent to the foregoing Agreement as of the date first set forth hereinabove.

GENERAL PARTNER:

WG PARTNERS 2 MGP, LLC,
a California limited liability company

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

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

HA LIMITED PARTNER:

WATERMAN AFFORDABLE 3 LLC,
a California limited liability company

By: _____
Name: _____
Title: _____ [signature block to be confirmed]

CLANCY LIMITED PARTNER:

WG 2 DGP LLC,
a Massachusetts limited liability company

By: _____
Name: _____
Title: _____ [signature block to be confirmed]

EXHIBIT A

LEGAL DESCRIPTION

[to be inserted]

Exhibit Q

PURCHASE OPTION AGREEMENT

[Attached]

PURCHASE OPTION AGREEMENT
(Arrowhead Grove Apartments Phase II)

This PURCHASE OPTION AGREEMENT (the "**Agreement**") is made and entered into as of [_____, 2019], among WATERMAN GARDENS PARTNERS 2, L.P., a California limited partnership (the "**Partnership**") and the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body, corporate and public ("**Optionee**"), and is consented to by WG PARTNERS 2 MGP, LLC, a California limited liability company (the "**General Partner**"), WATERMAN AFFORDABLE 3 LLC, a California limited liability company (the "**HA Limited Partner**"), WG 2 DGP LLC, a Massachusetts limited liability company (the "**Clancy Limited Partner**"), BANK OF AMERICA, N.A., a national banking association (the "**Investor Limited Partner**"), BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation (the "**Special Limited Partner**"). The General Partner, the HA Limited Partner, the Clancy Limited Partner, the Investor Limited Partner and the Special Limited Partner are sometimes collectively referred to herein as the "**Consenting Partners**".

Recitals

A. The Partnership, pursuant to its Amended and Restated Agreement of Limited Partnership dated as of [_____, 2019] by and among the Consenting Partners (the "**Partnership Agreement**"), is engaged in the ownership and operation of a 184-unit apartment complex located in San Bernardino, California known as Arrowhead Grove Apartments Phase II (the "**Project**"). The real property comprising the Project is legally defined on **Exhibit A**.

B. The Project is or will be subject to an extended use agreement (the "**Extended Use Agreement**") with the Credit Agency restricting the Project's use to low-income housing (such use restrictions under the Regulatory Agreement and the Extended Use Agreement being referred to collectively herein as the "**Use Restrictions**");

C. The Optionee is an affiliate of the HA Limited Partner and is instrumental to the development of the Project;

D. The Optionee desires to have the right to acquire the Project upon termination of the Compliance Period.

E. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Partnership Agreement.

NOW, THEREFORE, in consideration of the execution and delivery of the Partnership Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

Section 1. Grant of Option

The Partnership hereby grants to the Optionee an option (the "**Option**") to purchase the real estate, fixtures, and personal property comprising the Project or associated with the physical operation thereof and owned by the Partnership at the time of purchase (the "**Property**"), for a period of twelve (12) months (the "**Option Period**") following the close of the Compliance

Period as determined under Section 42(i)(1) of the Internal Revenue Code of 1986, as amended (the "**Code**"), on the terms and conditions set forth in this Agreement and subject to the conditions precedent to the exercise of the Option specified herein.

Section 2. Purchase Price Under Option

The purchase price for the Property pursuant to the Option (the "**Option Price**") shall be the greater of the following amounts, subject to the provision set forth hereinbelow:

A. Price Formula. An amount, determined by the Partnership's Accountants, which is equal to the sum of (1) the outstanding principal, accrued interest, any prepayment penalty and any other amounts due under all mortgage documents relating to the Property, whether or not such amounts are due upon sale, and the total amount of all other indebtedness of the Partnership as of the date of the closing hereunder; and (2) an amount sufficient to assure receipt by the Investor Limited Partner of the Partnership from the proceeds of the sale of the Property (when distributed pursuant to Section 10.1B of the Partnership Agreement) of an amount not less than the sum of all federal, state and local taxes, including without limitation, all income taxes due upon sale, incurred or to be incurred by the Investor Limited Partner (or its constituent partners or members) as a result of such sale plus the amount of any theretofore unpaid Tax Credit Shortfall Payments to which the Investor Limited Partner is entitled under the Partnership Agreement. Notwithstanding the foregoing, however, the amount described in the foregoing sentence shall never be less than the amount of the "minimum purchase price" as defined in Section 42(i)(7)(B) of the Code. In computing such price, it shall be assumed that each of the Partners of the Partnership (or their constituent partners or members) has an effective combined federal, state and local income tax rate equal to the maximum of such rates in effect on the date of closing hereunder; or

B. Fair Market Value. An amount equal to (i) one hundred percent (100%) of the fair market value of the Property, appraised as low-income housing to the extent continuation of such use is required under the Use Restrictions, any such appraisal to be made in accordance with the procedures described in Section 5 below (the "**Appraised Fair Market Value**") plus (ii) an amount sufficient to assure receipt by the Investor Limited Partner of the Partnership from the proceeds of the sale of the Property (when distributed pursuant to Section 10.1B of the Partnership Agreement) of an additional amount equal to any theretofore unpaid Tax Credit Shortfall Payments to which the Investor Limited Partner is entitled under the Partnership Agreement together with any amounts owed by the Partnership to the Optionee or its Affiliates (whether as loan repayments, accrued fees, or a return of Capital Contributions). If the proceeds from the sale that are distributed to the Investor Limited Partner pursuant to clause (i) above are not sufficient to assure receipt by the Investor Limited Partner of the sum of all federal, state and local taxes payable by the Investor Limited Partner (when distributed pursuant to Section 10.1B of the Partnership Agreement), then the purchase price will be increased by an amount sufficient to allow the Investor Limited Partner to pay all federal, state and local taxes due upon sale including additional taxes due as a result of receiving an increased distribution under this provision. If the Optionee decides that it does not want to exercise the Option after receiving the appraisal of the Property pursuant hereto, the Optionee shall have the right upon notice to the Partnership to declare the exercise of the Option null and void without prejudice to the Optionee's right to exercise the option at a later date during the Option Period.

[Note – additional price to compensate National Core / Clancy entities to be confirmed]

If the Optionee desires that existing Reserves held by Lenders or the Partnership be transferred to Optionee in connection with the transfer of the Property, the Option Price shall be increased by the fair market value of such Reserves (which shall be calculated considering the nature of the Reserves and any existing restrictions on use or availability thereof).

Section 3. Conditions Precedent; Termination

A. Notwithstanding anything in this Agreement to the contrary, the Option granted hereunder shall be contingent on the following being true and correct at the time of exercise of the Option and any purchase pursuant thereto: neither the Optionee nor any Affiliate of the Optionee is in material default under the Partnership Agreement or any agreement with the Partnership, the Investor Limited Partner or the Special Limited Partner (including, without limiting the generality of the foregoing, any failure to make Tax Credit Shortfall Payments to the Investor Limited Partner pursuant to Section 5.2 of the Partnership Agreement). If such condition precedent is not satisfied, the Option shall not be exercisable and the Agreement shall be of no further force and effect.

B. This Agreement shall automatically terminate upon the occurrence of any of the following events and, if terminated, shall not be reinstated unless such reinstatement is agreed to in a writing signed by the Optionee and each of the Consenting Partners:

(i) the transfer of the Property to a lender in total or partial satisfaction of any loan; or

(ii) removal of the Optionee as a general partner of the Partnership pursuant to Section 7.7 of the Partnership Agreement.

Section 4. Exercise of Option

The Option may be exercised by the Optionee by (a) giving prior written notice of its intent to exercise the Option to the Partnership and each of its Partners in the manner provided in the Partnership Agreement during the period commencing one (1) year prior to the expiration of the Compliance Period and terminating at the end of the Option Period (the "**Option Exercise Notice**"), and (b) complying with the contract and closing requirements of Sections 6 and 7 hereof. If the foregoing requirements are not satisfied as and when provided herein, the Option shall expire and be of no further force or effect.

Section 5. Determination of Option Price

Upon delivery of the Option Exercise Notice, the Partnership and the Optionee shall determine the Option Price utilizing the Appraised Fair Market Value of the Property determined as follows. As soon as practicable following the delivery of the Option Exercise Notice, the Optionee and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within fifteen (15) business days following the date of delivery of the Option Exercise Notice, the Optionee and the Special Limited Partner each shall select an Independent Appraiser within the

next succeeding five (5) business days. If either party fails to select an Independent Appraiser within such time period, the determination of the other Independent Appraiser shall control. If the difference between the Appraised Fair Market Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Fair Market Value set forth in the lower of the two appraisals, the fair market value for purposes of Section 2B(i) above shall be the average of the two appraisals. If the difference between the two appraisals is greater than ten percent (10%) of the lower of the two appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Fair Market Value shall be deemed to be binding on all parties as long as the third determination is between the other two determinations. If the third determination is either lower or higher than both of the other two appraisers, then the average of all three appraisals shall be the Appraised Fair Market Value for purposes of Section 2B(i). The Partnership and the Optionee shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 5.

Section 6. Contract and Closing

Upon determination of the purchase price, the Partnership and the Optionee shall enter into a written contract for the purchase and sale of the Property in accordance with the terms of this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Property is located, providing for a closing not later than the date specified in the Option Exercise Notice or thirty (30) days after the Option Price has been determined, whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Option.

Section 7. Conveyance and Condition of the Property

The Partnership's right, title and interest in the Property shall be conveyed by quitclaim deed, subject to such liens, encumbrances and parties in possession as shall exist as of the date of Closing and the deed covenant described in Section 8 below. The Optionee shall accept the Property "**AS IS, WHERE IS**" and "**WITH ALL FAULTS AND DEFECTS**," latent or otherwise, without any warranty or representation as to the condition thereof whatsoever, including without limitation, without any warranty as to fitness for a particular purpose, habitability, or otherwise and no indemnity for hazardous waste or other conditions with respect to the Property will be provided. It is a condition to Closing that all amounts due to the Partnership and the Investor Limited Partner from the Optionee or its Affiliates be paid in full. The Optionee shall pay all closing costs, including, without limitation, the Partnership's attorney's fees. Upon closing, the Partnership shall deliver to the Optionee, along with the deed to the property, an ALTA owner's title insurance policy dated as of the close of escrow in the amount of the purchase price, subject to the liens, encumbrances and other exceptions then affecting the title.

Section 8. Use Restrictions

A. In consideration of the Option granted hereunder at the price specified herein, the Optionee hereby agrees that the deed granting the Property to the Optionee shall contain a covenant running with the land, restricting the use of the Property to low-income housing to the extent required by those Use Restrictions contained in the Regulatory Agreement and the

Extended Use Agreement. Such deed covenant shall include a provision requiring the Optionee to pay any and all costs, including attorneys' fees, incurred by the Investor Limited Partner in enforcing or attempting to enforce the Use Restrictions, and to pay any and all damages incurred by the Investor Limited Partner from any delay in or lack of enforceability of the same. All provisions relating to the Use Restrictions contained in such deed and in this Agreement shall be subject and subordinate to any third-party liens encumbering the Property.

B. The deed to the Optionee shall be subject to the prior written approval of the Investor Limited Partner. In the absence of a deed conforming to the requirements of this Agreement, the provisions of this Agreement shall run with the land. In the event that the Option is not exercised, or the sale pursuant thereto is not consummated, then, upon conveyance of the Property to anyone other than the Optionee hereunder, the foregoing provisions shall terminate and have no further force or effect.

Section 9. Alternative Purchase of Partnership Interests

Notwithstanding the foregoing, the Optionee may, at its election, in lieu of a direct acquisition of the Property pursuant to the Option, acquire the partnership interests (but not less than all of such interests) of all the partners in the Partnership for a purchase price to each of them equal to the amount which would be distributable to each such partner upon liquidation of the Partnership following any sale of the Property under the Option at the Option Price as calculated under this Agreement.

Section 10. Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given and received (i) two (2) business days after being deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) one (1) business day after being delivered to a nationally recognized overnight delivery service, (iii) on the day sent by telecopier or other facsimile transmission, answer back requested, or (iv) on the day delivered personally, in each case, to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the other party:

(i) If to the Partnership, at the principal office of the Partnership set forth in Article II of the Partnership Agreement;

(ii) If to a Consenting Partner, at their respective addresses set forth in Exhibit A of the Partnership Agreement;

(iii) If to the Optionee, 715 East Brier Drive, San Bernardino, California 92408-2841, Attn: Executive Director,

in each case, with copies to Buchalter, a Professional Corporation, 1000 Wilshire Blvd., Suite 1500, Los Angeles, California, 90017-2457, Attn: Michael A. Williamson, Esq. and to Klein Hornig LLP at 1325 G Street NW, Suite 770, Washington, DC 20005, Attn: Chris Hornig, Esq.

Section 11. 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 the 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.

Section 12. Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.

Section 13. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 14. Governing Law

This Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to principles of conflicts of law.

Section 15. Headings

All headings in this Agreement are for convenience of reference only. Masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

Section 16. Amendments

This Agreement shall not be amended except by written agreement between the Optionee and the Partnership with the consent of each of the Consenting Partners.

Section 17. Time

Time is of the essence with respect to this Agreement, and all provisions relating thereto shall be so construed.

Section 18. Legal Fees

Except as otherwise provided herein, in the event that legal proceedings are commenced by the Partnership against the Optionee or by the Optionee against the Partnership in connection with this Agreement or the transactions contemplated hereby, the prevailing party shall be entitled to recover all reasonable attorney's fees and expenses.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this document as of the date first set forth hereinabove.

PARTNERSHIP:

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 and manager

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

OPTIONEE:

HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO,
a public body, corporate and politic

By: _____
Name: _____
Title: _____

The undersigned hereby consent to the foregoing Agreement as of the date first set forth hereinabove.

INVESTOR LIMITED PARTNER:

BANK OF AMERICA, N.A.,
a national banking association

By: _____
Name: Casey Carpenter
Title: Vice President

SPECIAL LIMITED PARTNER:

BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC.,
a North Carolina corporation

By: _____
Name: Casey Carpenter
Title: Vice President

The undersigned hereby consent to the foregoing Agreement as of the date first set forth hereinabove.

GENERAL PARTNER:

WG PARTNERS 2 MGP, LLC,
a California limited liability company

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

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

HA LIMITED PARTNER:

WATERMAN AFFORDABLE 3 LLC,
a California limited liability company

By: _____
Name: _____
Title: _____ [signature block to be confirmed]

CLANCY LIMITED PARTNER:

WG 2 DGP LLC,
a Massachusetts limited liability company

By: _____
Name: _____
Title: _____ [signature block to be confirmed]

EXHIBIT A

LEGAL DESCRIPTION

[to be inserted]