

**AGENCY LOAN NOTE
SECURED BY SUBORDINATED DEED OF TRUST TO THE
CITY OF SANTA ANA, ACTING AS SUCCESSOR AGENCY TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF SANTA ANA**

\$469,000.00

March 14, 2012
Santa Ana, California

1. Principal Amount of Agency Loan

For value received, Vista Del Rio Housing Partners LP, a California limited partnership (“Borrower”), promises to pay to the order of the City of Santa Ana, acting as successor agency to the Community Redevelopment Agency of the City of Santa Ana, (“Successor Agency”), at 20 Civic Center Plaza, Santa Ana, California 92702, or at such other place as the Successor Agency may from time to time designate in writing, or to the assignee of the Successor Agency, the principal sum of FOUR HUNDRED THOUSAND SIXTY-NINE DOLLARS (\$469,000.00) or so much thereof as shall be disbursed hereunder, with three percent simple interest (3.0%).

In implementation of the acquisition and development of that certain real property in the City of Santa Ana, described in the Loan Agreement as the “Property,” commonly known as 1600 West Memory Lane, Santa Ana, California, and operation of the Property as affordable rental housing for Extremely Low Income and Very Low Income households, (a) the Community Redevelopment Agency of the City of Santa Ana, as predecessor in interest to the City of Santa Ana, acting as Successor Agency, the Housing Authority of the City of Santa Ana and Borrower have heretofore entered into that certain Disposition and Development Agreement dated July 20, 2009, the First Amendment to the Disposition and Development Agreement dated March 15, 2010, the Second Amendment to the Disposition and Development Agreement dated December 20, 2010, and the Third Amendment to the Disposition and Development Agreement dated March 21, 2011 (collectively, the “DDA”); (b) City, Successor Agency and Borrower have entered into that certain “Loan Agreement” dated concurrently herewith and recorded against the Property (the Loan Agreement and DDA are collectively referred to herein as the “Agreement”), and (c) the City of Santa Ana (“City”), Successor Agency and Borrower have entered into those certain Affordability Restrictions on Transfer of Property, dated concurrently herewith and recorded against the Property (“Affordability Restrictions”). This Note is made pursuant to, entitled to the benefits of and referred to as the Agency Loan Note in the Loan Agreement. This Note is secured by that certain Agency Loan Deed of Trust and Assignment of Rents between Borrower and Successor Agency, dated concurrently herewith (“Agency Loan Deed of Trust”). This Note, the Loan Agreement, the Affordability Restrictions, the Agency Enhanced Entryway Note, the Agency Enhanced Entryway Loan Deed of Trust, the Agency Loan Deed of Trust, the Agency Transfer Note, the City/HOME Loan Note, and the City/HOME Loan Deed of Trust are sometimes collectively referred to herein as the “Loan Documents.” The Loan Documents and the rights and responsibilities of Borrower thereunder inure to the benefit of the City, Successor Agency and the Housing Authority of the City of Santa Ana. Any capitalized term which is not otherwise defined herein shall have the meaning ascribed to such term in the Loan Agreement.

“Agency Loan” shall mean the loan evidenced by this Note.

“Calendar Year” means each consecutive twelve (12) month period from January 1 to December 30.

“Closing Costs” shall mean:

(i) In the case of a Sale, reasonable brokerage commissions payable to a broker as a result of the Sale, which shall not in any event exceed the customary amount charged-for similar transactions in the immediate market place, costs of title insurance premiums, documentary stamp taxes, escrow fees, recording charges, loan repayment charges and other costs reasonably incurred with respect to the Property, in each case actually paid by Borrower as a condition of the Sale.

(ii) In the case of a Refinancing, the reasonable and necessary costs of completing such Refinancing, including, without limitation, loan fees, loan repayment charges, costs of title insurance premiums, escrow fees, recording fees and attorneys’ fees.

“Gross Revenues” shall mean all revenues and receipts of every kind actually received by Borrower from operating the Property, and all parts thereof, including, but not limited to, income from both cash and credit transactions, rental from leased and/or subleased spaces and parking fees and charges (but not including security deposits and other tenant deposits, except to the extent such deposits are forfeited to the Borrower under the tenant’s lease). Gross Revenues also includes any casualty insurance proceeds in excess of those used to restore the Property and any rental interruption insurance proceeds. Any credit consideration shall be included in Gross Revenues at the time cash proceeds (principal, interest and/or other) are received. Borrower shall establish and maintain accounts for the Gross Revenues (the “Project Accounts”) that are segregated from revenues and income received by Borrower from all other projects. Gross Revenues shall also include all interest earned on the Project Accounts. Gross Revenues shall not include loan proceeds or capital contributions.

“Operating Expenses” shall mean the sum of the following:

(i) scheduled payments of principal and interest and all other charges relating to the Senior Loan(s);

(ii) all other actual, reasonable cash operating costs and expenses, calculated on an annual basis, that are directly attributable to managing and operating the Property, including, without limiting the generality of the foregoing, the following: costs and expenses for real and personal property taxes, special assessments or similar charges; water, fuel, electricity and other utilities; heating, ventilation and air conditioning expenses; labor; supplies; tools; equipment; insurance; advertising and marketing; accounting and legal fees; brokerage commissions and other leasing expenses; reasonable reserves for all anticipated expenses as approved by the Successor Agency; and other such items constituting operation, maintenance and repair costs actually paid by the Borrower, subject to the following conditions:

b. Depreciation and amortization expenses shall not be considered Operating Expenses, except as otherwise provided herein.

c. Any expenses, compensation or fees paid to any affiliate of Borrower shall only be included as Operating Expenses to the extent they are not in excess of the reasonable expenses, compensation or fees which would be payable to unrelated third parties in arms-length transactions for similar services in the Santa Ana, California area.

(iii) a management fee equal to \$55 per unit a month (increasing by CPI).

(iv) deposits into required reserves.

(v) payments due on any deferred Developer Fees.

(vi) Any other expenses necessary to meet Senior Lender requirements and requirements of Borrower's Limited Partner, or its assignee, as set forth in Borrower's Partnership Agreement.

"Project" shall mean the acquisition, development, operation, maintenance, and management of the Property as affordable housing by Borrower pursuant to the Loan Agreement.

"Property" shall mean the real property located at 1600 West Memory Lane, Santa Ana, California, described in the Agency Loan Deed of Trust.

"Refinancing" shall mean changing the then existing financing on the Property by, without limitation, modifying the interest rate and/or the term of the existing Senior Loan, increasing or reducing the amount of the existing Senior Loan, paying off the existing Senior Loan and obtaining a new Senior Loan.

"Refinancing Proceeds" shall be disbursed as set forth in Section 7 hereof.

"Residual Receipts" shall mean the Gross Revenues from the Property for each year, less deductions for Operating Expenses applicable to each such year less the first through sixth items on Exhibit A-4 of the Partnership Agreement, to the extent not already deducted as an Operating Expense.

"Sale" shall mean any transfer, assignment, conveyance or lease (other than to a tenant for occupancy) of the Property or any portion thereof, or any interest therein by the Borrower, and includes, except as permitted under Section 16.2.2 of the Loan Agreement, any transfer, assignment or sale of any partnership interest in the Borrower by an individual or entity which is a general or limited partner in the Borrower, or any interest by any individual or entity which holds an interest in any such general or limited partner in the Borrower, which brings the cumulative total of all such direct and indirect transfers, assignments and sales during the term of this Note to more than thirty-five percent (35%) of the ownership interests in the Borrower, and any such transfer, assignment or sale of a direct or indirect partnership interest thereafter. Sale includes a sale in condemnation or under threat thereof. Sale does not include dedications and grants of easements to public and private utility companies of the kind customary in real estate development.

"Sale Proceeds" shall mean the proceeds received by Borrower in connection with any Sale.

"Senior Loan" shall mean the senior loan being made by JPMorgan Chase Bank, N.A., concurrent to the Agency Loan for payment of a portion of the Construction costs incurred by

Vista Del Rio relating to the Project, as approved by the City Manager, and shall include any subsequent loan that refinances the initial Senior Loan.

“Term” shall mean the term for repayment of this Note, which shall commence on the date of this Note and end on the fifty-fifth (55th) anniversary of the date the Release of Construction Covenants is recorded against the Property (“Maturity Date”).

3. Loan Repayment.

Borrower shall make payments to the Successor Agency as provided in Sections 5 (Residual Receipts), 7 (Refinancing Proceeds), 8 (Sale Proceeds) and 10 (Accelerated Loan Repayment).

4. Reserved.

5. Annual Loan Repayment.

a. Borrower shall make a loan payment to the Successor Agency annually, in the amount of the lesser of the outstanding balance due under this Note or the Agency’s Percentage of Residual Receipts, as provided in this Section 5.

b. Within one hundred twenty (120) days after the close of the initial Calendar Year following the year the Project is placed-in-service and on or before the 120th day of each Calendar Year thereafter, the Borrower shall submit to the Successor Agency audited financial statements, including a detailed statement of Gross Revenues and Operating Expenses attributable to the Property for the applicable Calendar Year, along with a computation of the amount of the Residual Receipts applicable to such Calendar Year with which to make a Agency Loan payment then due.

c. The Borrower shall pay to the Successor Agency seventy-five percent (75%) of the Residual Receipts (“Agency’s Percentage of Residual Receipts”) as payment of principal and interest under the Agency Loan. The remaining twenty five percent (25%) of the Residual Receipts shall remain with the Borrower. Pursuant to the Loan Agreement, the Borrower has also received a loan of HOME Program funds from the City in the original principal amount of \$1,500,000 (“City/HOME Loan”). The Agency’s Percentage of Residual Receipts for each year shall be applied to repay the amounts owing under this Note and the amounts owing under the City/HOME Loan, as follows: 76% of the Agency’s Percentage of Residual Receipts will be applied to repay the City/HOME Loan and 24% of the Agency’s Percentage of Residual Receipts will be applied to repay amounts owing under this Note. Upon repayment in full of all amounts owing under the City/HOME Loan, the entire Agency’s Percentage of Residual Receipts shall be allocated to repayment of the amounts owing hereunder in accordance with Section 13.a. hereof.

d. The Residual Receipts payment shall be made not later than one hundred fifty (150) days after the close of the Calendar Year.

6. Reserved.

7. Loan Repayment from Refinancing Proceeds.

The Borrower shall make a loan payment to the Successor Agency from every Refinancing that occurs during the term of this Note not to exceed the outstanding balance of principal and interest on this Note, to the extent of the Agency’s Percentage of the Refinancing Proceeds (if any),

as follows: the cash proceeds from such Refinancing shall be applied first to pay Closing Costs; next, the amount necessary to pay in full the balance remaining on the Senior Loan; next, the Borrower shall pay to the Successor Agency fifty percent (50%) of the Refinancing Proceeds ("Agency's Percentage of the Refinancing Proceeds") to the extent of the outstanding balance on this Note. The remaining Refinancing proceeds shall remain with Borrower. Such payment shall be due on the date of such Refinancing, and shall be applied first to any accrued but unpaid interest, then to reduce the principal balance of the Agency Loan. The Successor Agency shall not be required to reconvey the lien of the Agency Loan Deed of Trust if Refinancing Proceeds are insufficient to repay the Agency Loan in full. While any amounts owing under the City/HOME Loan remain unpaid, the Agency's Percentage of the Refinancing Proceeds shall be allocated between repayment of this Note and the City/HOME Loan Note in the same manner as the Agency's Percentage of Residual Receipts as described in Section 5.c.

8. Loan Repayment from Sale Proceeds.

The Borrower shall make a loan payment, not to exceed the outstanding balance of principal and interest on this Note, to the Successor Agency from any Sale that occurs during the Term of the Agency Loan, to the extent of the Agency's Percentage of the Sale Proceeds, as follows: gross sale proceeds are applied first to pay Closing Costs, next to pay in full the balance remaining on the Senior Loan; next the Borrower shall pay to the Successor Agency fifty percent (50%) of the total Sale Proceeds ("Agency's Percentage of the Sale Proceeds"), not to exceed the outstanding amount of principal and interest due on this Note. This fifty percent (50%) represents the total payment due under this Note with respect to the applicable Sale. The remaining Sale Proceeds shall remain with Borrower. Such payment shall be due on the date of such Sale, and shall be applied first to any accrued but unpaid interest, then to reduce the principal balance of the Agency Loan. The Successor Agency shall not be required to reconvey the lien of the Agency Loan Deed of Trust if Sale Proceeds are insufficient to repay the Agency Loan in full. While any amounts owing under the City/HOME Loan remain unpaid, the Agency's Percentage of the Sale Proceeds shall be allocated between repayment of this Note and the City/HOME Loan Note in the same manner as the Agency's Percentage of Residual Receipts as described in Section 5.c.

9. Buy Out Option.

In the event that there is a decision to sell the Property, the Goodwill Special Limited Partner of Borrower shall be given the first right of refusal or the Goodwill Special Limited Partner may exercise the buyout option pursuant to the Borrower's Partnership Agreement (and any amendments thereto). If neither the buyout option or the right of first refusal are exercised by the Goodwill Special Limited Partner, then the City shall have the second right of refusal and second buyout option; then the Managing General Partner of Borrower shall have the third right of refusal and third buyout option; then the Successor Agency shall have the fourth right of refusal and fourth buyout option; all subject to the Borrower's Partnership Agreement. The right of first refusal described above is further subject to Section 42(i)(7) of the Internal Revenue Code. The foregoing provisions set forth in this Section 9 shall be included in the Partnership Agreement.

10. Accelerated Loan Payment.

The full principal amount outstanding plus accrued but unpaid interest thereon, shall be due and payable on the earlier to occur of the following:

a. Sale or Refinancing of the Property as provided further in Section 15 hereof; unless: (i) in the case of a Sale in which the Sale Proceeds are insufficient to repay in full the Agency Loan, the Successor Agency approves such sale and the purchaser assumes the balance of the Agency Loan in accordance with the terms of this Note; or (ii) in the case of a Refinancing in which the Refinancing Proceeds are insufficient to repay in full the Agency Loan, the Successor Agency approves such Refinancing and the Borrower remains obligated pursuant to the terms of this Note;

b. In event of default pursuant to any of the Loan Documents or the Senior Loan Documents;

c. Any default by Borrower as to any other loan or loans by Successor Agency to Borrower with respect to the Property; or

d. On the Maturity Date, the Successor Agency agrees to review the performance of the Property and consider in good faith any reasonable request by Borrower to modify the terms of this Note or extend the Term of this Note.

11. Prepayment.

Borrower may prepay the outstanding principal balance under this Note, in whole or in part, together with any accrued but unpaid interest, if any, and other sums owed to the Successor Agency under this Note, if any, at any time without penalty.

12. Lawful Money.

All payments hereunder shall be made in lawful money of the United States of America.

13. Application of Payments; Late Charges.

a. Any payments received by the Successor Agency pursuant to the terms hereof shall be applied first to sums, other than principal and interest, due the Successor Agency pursuant to this Note, next to the payment of all interest accrued to the date of such payment, and the balance, if any, to the payment of principal.

b. If any payment is not received by the Successor Agency within ten (10) days following the due date thereof, then in addition to the remedies conferred upon the Successor Agency pursuant to this Note and the other Loan Documents, (i) a late charge of four percent (4%) of the amount due and unpaid will be added to the delinquent amount to compensate the Successor Agency for the expense of handling the delinquency and (ii) the amount due and unpaid, excluding the late charge, shall bear interest at the highest annual rate which may lawfully be charged and collected under applicable law on the obligation evidenced by this Note, computed from the date on which the amount was due and payable until paid. Without prejudice to the rights of the Successor Agency hereunder or under any of the other Loan Documents, Borrower shall indemnify the Successor Agency against, and shall pay the Successor Agency on demand, any expense or loss which it may sustain or incur as a result of the failure by Borrower to pay when due any installment of interest and/or principal, fees, or other amounts payable to the Successor Agency under this Note or any other Loan Document, to the extent that any such expense or loss is not recovered pursuant to such foregoing provisions. A certificate of the Successor Agency setting forth the basis for the determination of the amounts necessary to indemnify the Successor Agency in respect of such

expenses or direct loss, submitted to Borrower by the Successor Agency, shall be conclusive and binding for all purposes except as immediately corrected by Borrower notice to Successor Agency.

14. Security.

This Note is secured by the Agency Loan Deed of Trust.

15. Acceleration by Reason of Transfer or Financing.

a. In order to induce Successor Agency to make the loan evidenced hereby, Borrower agrees that in the event of any Transfer (defined in Section 16.2 of the Loan Agreement) of the Property without the prior written consent of Successor Agency (other than a Transfer resulting from a foreclosure by, or conveyance by deed in lieu of foreclosure to, the holder of the Senior Loan Deed of Trust), Successor Agency shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Successor Agency may grant or deny such consent in its sole discretion and, if consent should be given, any such Transfer shall be subject to this Section 15, and any such Transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein. Such assumption shall not, however, release Borrower from any liability thereunder without the prior written consent of Successor Agency.

b. In the event of any Refinancing or partial Refinancing in an amount in excess of the balance of the Senior Loan, without the prior written consent of Successor Agency (which consent Successor Agency may grant or deny in its sole discretion), then the entire outstanding balance of the Agency Loan together with all accrued and unpaid interest, shall be repaid to the Successor Agency at the time of each Refinancing or partial Refinancing.

c. Notwithstanding anything to the contrary contained herein, a "Transfer" shall not include a Permitted Transfer as set forth in Section 16.2.2 of the Loan Agreement.

16. Event of Default.

Subject to the provisions of Sections 23 and 25 hereof, the occurrence of any of the following shall be deemed to be an event of default ("Event of Default") hereunder: (a) failure by Borrower to make any payments provided for herein, if such default is not cured within fifteen (15) calendar days of the due date; (b) failure by Borrower to perform any covenant or agreement in the Agency Loan Deed of Trust, the Agreement, or the Affordability Restrictions within thirty (30) days after written demand therefor by Successor Agency (or, in the event that more than thirty (30) days is reasonably required to cure such default, should Borrower fail to promptly commence such cure, and diligently and continuously prosecute same to completion); or (c) a default under the Senior Loan Deed of Trust that remains uncured after the cure period, if any, provided therein.

17. Remedies.

Upon the occurrence of an Event of Default, after any applicable notice has been provided and the expiration of any applicable cure period therefore, Successor Agency may declare all sums evidenced hereby immediately due and payable by delivery to the Trustee named in the Agency Loan Deed of Trust securing this Note, and to Borrower, written declaration of default and demand for

sale, and written notice of default and of election to cause the Property to be sold, which notice Trustee shall cause to be duly filed for record and Successor Agency may foreclose on the Agency Loan Deed of Trust. Successor Agency shall also deposit with Trustee the Agency Loan Deed of Trust, this Note and all documents evidencing expenditures secured thereby and evidenced hereby. Upon the occurrence of an Event of Default (and so long as such Event of Default shall continue), the entire balance of principal together with all accrued interest shall bear interest at the Bank of America reference rate on the due date of the delinquent payment plus four percent (4%). No delay or omission on the part of the Successor Agency in exercising any right under this Note or under any of the other Loan Documents shall operate as a waiver of such right.

18. Attorneys' Fees.

If this Agency Loan Note is not paid when due or if any Event of Default occurs, Borrower promises to pay all costs of enforcement and collection, including but not limited to, reasonable attorneys' fees and expert witness fees, whether or not any action or proceeding is brought to enforce the provisions hereof.

19. Severability.

Every provision of this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction, to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

20. Number and Gender.

In this Note the singular shall include the plural and the masculine shall include the feminine and neuter gender, and vice versa, if the context so requires.

21. Non-recourse.

The Agency Loan is a nonrecourse obligation of the Borrower. Neither Borrower nor any other party shall have any personal liability for repayment of the Agency Loan or for any other amounts under any of the documentation evidencing, securing or describing the Agency Loan. The sole recourse of Successor Agency under this Note and the Agency Loan Deed of Trust for repayment of the Agency Loan and for such other amounts arising therefrom shall be the exercise of its rights against the Property and related security thereunder.

22. Subordination.

a. It is hereby expressly agreed and acknowledged by Borrower and Successor Agency that the Agency Loan Deed of Trust is a subordinate deed of trust, and that this Note is subject and subordinate to the Senior Loan Deeds of Trust held by the Senior Lender, subject to and provided that the Successor Agency and such Senior Lender enter into a subordination agreement providing notice and cure rights to Successor Agency that are reasonably acceptable to the City Manager and consistent with the requirements of Section 20 of the Affordability Restrictions.

b. Successor Agency acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Agency Loan Documents are entering into, an extended use agreement, which constitutes the

extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Successor Agency agrees to subordinate the provisions of this Note to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits to the project to be constructed on the Property, absent which the development of the Project would not occur, and this Agency Loan would not be made.

23. Notice of Default.

a. Subject to the applicable cure periods set forth in Section 16 and extensions of time set forth in Section 25, and subject to the further provisions of this Section 23, failure or delay by the Borrower to perform any term or provision of this Note constitutes a default under this Note. The Borrower must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy-with reasonable diligence and during any period of curing shall not be in default.

b. The Successor Agency shall give written notice of default to the Borrower and Borrower's limited partner specifying the default complained of by the Successor Agency. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

c. Except in the case of a monetary event of default, the Borrower shall not be in default so long as it endeavors to complete such cure, correction or remedy with reasonable diligence, provided such cure, correction or remedy is completed within the applicable time period set forth herein after receipt of written notice (or such additional time as may be deemed by the Successor Agency to be reasonably necessary to correct the default).

d. Any failures or delays by the Successor Agency in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Successor Agency in asserting any of its rights and remedies shall not deprive the Successor Agency of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

e. If a monetary event of default occurs under the terms of this Note or the Agency Loan Deed of Trust, prior to exercising any remedies thereunder Successor Agency shall give Borrower and Borrower's limited partner written notice of such default.

f. If a non-monetary event of default occurs under the terms of this Note or the Agency Loan Deed of Trust, prior to exercising any remedies thereunder, Successor Agency shall give Borrower and Borrower's limited partner notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by the Successor Agency under this Note and the Deed of Trust. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Borrower (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Successor Agency. In no event shall Successor Agency be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given.

Notwithstanding anything to the contrary contained in this Note, the Successor Agency hereby agrees that any cure of any default made or tendered by the Limited Partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower under the terms of this Note shall also be sent to the Limited Partner at an address to be provided in writing to the Successor Agency by the Limited Partner.

24. Insurance and Condemnation.

In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Agency Loan in balance and rebuild the Project in a manner that provides adequate security to Successor Agency for repayment of the Agency Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Successor Agency shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under this Note or the Deed of Trust. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Agency Loan in a manner that provides adequate security for repayment of the remaining balance of the Agency Loan.

25. Force Majeure.

Notwithstanding specific provisions of this Note, performance hereunder shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God or other deities; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts of the other party; acts or failure to act of the Successor Agency or any other public or governmental agency or entity (except that any act or failure to act of Successor Agency shall not excuse performance by Successor Agency); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time the party claiming such extension gives notice to the other party, provided notice by the party claiming such extension is given within thirty (30) days after the commencement of the cause. Times of performance under this Note may also be extended in writing by the Successor Agency and the Borrower.

26. Assignments.

The Successor Agency, and any assignee of the Successor Agency, shall have the right to assign this Note and the Deed of Trust securing this Note, without any further act of Borrower. The assignee shall give notice to Borrower as soon as practicable after such assignment.

27. **City and Authority Right to Enforce.**

The City and the Housing Authority of the City of Santa Ana are each intended third party beneficiaries of Successor Agency's rights under this Note, with full rights (but no obligation) to enforce all of Borrower's obligations hereunder.

{Signatures on following page}

This Agency Loan Note is hereby entered into as of the date first stated hereinabove.

VISTA DEL RIO HOUSING PARTNERS LP,
a California limited partnership

By: A Community of Friends,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: 
Dora Leong Gallo
Its: Chief Executive Officer

By: Foundation for Affordable Housing V, Inc.
a California nonprofit public benefit corporation
Its: Administrative General Partner

By: 
Deborah A. Willard
Its: President