

AGENCY TRANSFER LOAN NOTE

\$2,900,000.00

March 14, 2012
Santa Ana, California

1. Principal Amount of Agency Transfer 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 TWO MILLION NINE HUNDRED THOUSAND DOLLARS (\$2,900,000.00), with zero percent interest (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 (“Agency”), as predecessor in interest to the Successor Agency and 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, the Loan Agreement, the Affordability Restrictions, the Agency Enhanced Entryway Note, the Agency Enhanced Entryway Loan Deed of Trust, the Agency Loan Note, the Agency Loan Deed of Trust, 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.

2. Definitions.

For the purpose of calculating the payments to be made by Borrower to Successor Agency pursuant to this Note, the following terms shall have the following respective meanings:

“**Agency Enhanced Entryway Loan Deed of Trust**” shall mean the deed of trust securing repayment of the Agency Enhanced Entryway Note.

“**Agency Enhanced Entryway Note**” shall mean that certain Agency Enhanced Entryway Loan Note secured by Subordinated Deed of Trust to the Community Redevelopment Agency of the

City of Santa Ana, executed by Borrower in favor of Successor Agency, dated concurrently herewith, in the original principal amount of \$100,000.

“Agency Loan” shall mean that certain loan made by the Successor Agency to the Borrower in the original principal amount of \$469,000, which is evidenced by that certain Agency Loan Note Secured by Subordinated Deed of Trust to the City of Santa Ana, as Successor Agency to the Community Redevelopment Agency of the City of Santa Ana ("Agency Loan Note") and secured by that certain Agency Loan Deed of Trust and Assignment of Rents ("Agency Loan Deed of Trust").

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

“City/HOME Loan” shall mean that certain loan made by the City to the Borrower in the original principal amount of \$1,500,000, which is evidenced by that certain City/HOME Loan Note Secured by Subordinated Deed of Trust to the City of Santa Ana, California (“City/HOME Loan Note”) and secured by that certain City/HOME Loan Deed of Trust and Assignment of Rents (“City/HOME Loan Deed of Trust”).

“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 4 hereof.

“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 Transfer Loan for payment of a portion of the Construction costs incurred by Vista Del Rio relating to the Project, as approved by the Executive Director, 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.

No periodic payments are required hereunder. Not by way of limitation of Authority’s right of acceleration under Section 6, provided that no Default or Event of Default has occurred under the Loan Documents, the entire amount owing under this Note shall be forgiven on the Maturity Date. Upon the occurrence of Default or Event of Default by Borrower and its failure to timely cure such default, all rights and remedies for an Event of Default shall be available to Successor Agency, including acceleration in full of all amounts owing under this Note.

4. Reserved.

5. Reserved.

6. 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 11 hereof; unless: (i) in the case of a Sale in which the Sale Proceeds are insufficient to repay in full the Agency Transfer Loan, the Successor Agency approves such sale and the purchaser assumes the balance of the Agency Transfer 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 Transfer 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; or

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

7. 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.

8. Lawful Money.

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

9. 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.

10. Security.

This Note is unsecured.

11. 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 11, 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 Successor Agency Transfer 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.

12. Event of Default.

Subject to the provisions of Sections 17 and 19 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 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.

13. 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 Borrower of a written notice of default. 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.

14. Attorneys' Fees.

If this 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.

15. 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.

16. 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.

17. Notice of Default.

a. Subject to the applicable cure periods set forth in Section 12 and extensions of time set forth in Section 19, and subject to the further provisions of this Section 17, 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, 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, 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. 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 Enterprise Community Investment, Inc., 10227 Wincopin Circle, Suite 800, Columbia, MD 21044, Attention: General Counsel.

18. 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 Successor Agency Transfer Loan in balance and rebuild

the Project in a manner that provides adequate security to Successor Agency for repayment of the Successor Agency Transfer 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. 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 Successor Agency Transfer Loan in a manner that provides adequate security for repayment of the remaining balance of the Successor Agency Transfer Loan.

19. 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 Successor 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.

20. Assignments.

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

21. 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}

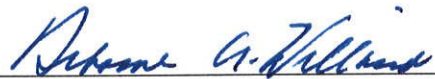
This Successor Agency Transfer Loan Note is hereby entered into as of the date first stated hereinabove.

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