TAX CERTIFICATE AND AGREEMENT

$15,618,000
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY TAX-EXEMPT MORTGAGE-BACKED BONDS
(M-TEMS) (ONE CHURCH STREET)
2018 SERIES A

This Tax Certificate and Agreement (the "Tax Certificate"), dated September 21, 2018, is by and between the California Municipal Finance Authority (the "Issuer") and Hermann Street Associates, L.P., a California limited partnership (together with its successors and assigns, the "Borrower") in connection with the issuance by the Issuer of $15,618,000 principal amount of its California Municipal Finance Authority Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS) (One Church Street) 2018 Series A (the "Bonds"). This Tax Certificate is executed pursuant to Section 5.05 of the Financing Agreement, dated as of September 1, 2018 (the "Loan Agreement"), among the Issuer, U.S. Bank National Association as trustee (the "Trustee") and the Borrower, and are made in part pursuant to Treasury Regulations Section 1.148-2(b)(2). In addition, the representations and covenants made by the Issuer and the Borrower herein are in furtherance of the covenants contained in Section 5 of the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of September 1, 2018, by and among the Issuer, the Trustee and the Borrower (the "Regulatory Agreement").

WHEREAS, at the request of the Borrower, the Issuer is issuing the Bonds pursuant to a Trust Indenture dated as of September 1, 2018 (the "Indenture") between the Issuer and the Trustee to provide financing for the acquisition, rehabilitation and equipping of a multifamily rental housing development located in the City and County of San Francisco, California (the "Project"), as more particularly described in Sections 3.3 and 3.4 hereof;

WHEREAS, pursuant to the Financing Agreement, the Borrower has agreed to (a) to pay or reimburse the costs of financing the acquisition, rehabilitation and equipping of the Project with disbursements of the proceeds of the Bonds, (b) make payments on the M-TEMs Mortgage Note, and (c) to pay all required fees associated with the Bonds and the M-TEMS Mortgage Loan; and

WHEREAS, the Lender has secured the consent of Fannie Mae to issue the MBS to be acquired by and delivered to the Trustee as security for the M-TEMs Bonds under the terms of the Indenture; and

WHEREAS, the MBS is to be held in trust by the Trustee and pledged under the terms of the Indenture to secure payment of the M-TEMs Bonds; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and rulings promulgated thereunder impose certain limitations on the uses and investment of the proceeds of the Bonds and of certain other moneys relating to the Bonds;

WHEREAS, such provisions of the Code and the regulations and rulings promulgated thereunder relate to the conditions under which interest on the Bonds will be excluded from gross income for federal income tax purposes; and

WHEREAS, the Issuer and the Borrower have determined to enter into this Tax Certificate to set forth certain terms and conditions relating to the uses and investment of the proceeds of the Bonds and of certain other moneys relating to the Bonds, and to ensure that interest on the Bonds will be excluded from gross income for federal income tax purposes;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer and the Borrower hereby certify, covenant, represent and agree as follows:

ARTICLE 1

IN GENERAL

1.1 The Issuer. Under Title 1, Division 7, Chapter 5 of the California Government Code (the "JPA Act"), the Issuer was duly organized by certain California cities, and counties and special districts (each a "Member") pursuant to a joint exercise of powers agreement for the joint exercise of powers common to the Members and for the exercise of additional powers given to a joint powers authority under the JPA Act or any other applicable law. The Issuer is duly authorized under the JPA Act to issue the Bonds and to perform its obligations under Indenture, the Financing Agreement and this Tax Certificate. Bond Counsel has advised that the Issuer is a constituted authority.

Bond Counsel has advised the Issuer that an amendment or revision, direct or indirect, to any of section 1 of Article III, sections 1 or 4 of Article IV, or sections 3 or 6 of Article VIII of the bylaws of California Foundation for Stronger Communities could adversely affect the status of the Issuer as a constituted authority and therefore could adversely affect the tax-exempt status of interest on the Funding Loan.

1.2 Delivery of the Bonds. On the date hereof, in exchange for receipt of good funds, the Issuer is delivering the Bonds to Stifel, Nicolaus & Company, Incorporated as underwriter (the "Underwriter"). As set forth in Exhibit A, the Underwriter has sold the Bonds to general public at par.

1.3 Purpose of Tax Certificate. The Issuer and the Borrower are delivering this Tax Certificate to Orrick, Herrington & Sutcliffe LLP, and Amira Jackmon, Attorney at Law, as co-bond counsel ("Bond Counsel"), with the understanding that Bond Counsel will rely in part upon this Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code

1.4 Financing. The Bonds are being issued to provide funding to finance the acquisition, rehabilitation, and equipping of a 93-unit (including one manager's unit) multifamily rental housing development located at 1 Church Street in the City of San Francisco, California (the "Project").

1.5 Single Issue. All the Bonds were sold to the Underwriter on the date hereof pursuant to the same plan of financing, and are expected to be paid out of substantially the same source of funds. No other governmental obligations which are expected to be paid out of substantially the same source of funds as the Bonds have been or will be sold within the 31-day period beginning 15 days before the Sale Date pursuant to the same plan of financing as the Bonds.

On the date hereof, the Issuer is issuing its $13,880,000 California Municipal Finance Authority Multifamily Housing Revenue Bonds (One Church Street) 2018 Series B (the "Short-Term Bonds") to provide additional financing with respect to the Project. The Short-Term Bonds are expected to be repaid without amounts on deposit in the Collateral Fund for the Short-Term Bonds, whereas the Bonds are expected to be repaid with revenue of the Project. Although the Short-Term Bonds were sold within a 31-day period beginning 15 days before the Sale Date of the Bonds, the Short-Term Bonds are not expected to be paid out of substantially the same source of funds as the Bonds and accordingly are not treated as a single issue with respect to the Bonds.

1.6 Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Indenture and the Loan Agreement. Unless the context otherwise requires, the following capitalized terms have the following meanings:

"Adjusted Gross Proceeds" means Gross Proceeds, adjusted as set forth in Treasury Regulations Section 1.148-7(c)(3).

"*Bona Fide Debt Service Funds*" means those funds and accounts (or portions of those funds and accounts) identified in Section 4.17.3 of this Tax Certificate.

"*Bond Year*" means the period beginning on the Closing Date and ending on September 21, 2019 (or on an earlier date selected by the Issuer in accordance with Treasury Regulations Section 1.148-1(b)) and each successive one-year period thereafter. The last Bond Year will end on the last day on which any Bond is outstanding for federal tax purposes.

"*Closing Date*" means the date of this Tax Certificate.

"*Code*" means the Internal Revenue Code of 1986 (including amendments thereto) and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder.

"*Gross Proceeds*" has the meaning used in Section 1.148-1(b) of the Treasury Regulations, and generally means all proceeds derived from or relating to the Bonds, including Sale Proceeds, Investment Proceeds, and other amounts expected to be used to pay debt service on the Bonds.

"*Investment Proceeds*" means earnings received from investing and reinvesting Sale Proceeds and from investing and reinvesting such earnings.

"*Investment Property*" means any security or obligation, any annuity contract, or any other investment-type property.

"*Lender*" means Prudential Multifamily Mortgage, LLC.

"*Net Sale Proceeds*" means Sale Proceeds, minus $100,000.

"*Nonpurpose Investment*" means any Investment Property in which Gross Proceeds are invested other than the Loan.

"*Opinion of Counsel*" means a written opinion of nationally recognized bond counsel, addressed to the Issuer and delivered to the Trustee, to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected.

"*Preliminary Expenditures*" means architectural, engineering, surveying, soil testing, costs of issuing the Bonds, and similar costs paid with respect to the Project in an aggregate amount not exceeding 20% of the issue price of the Bonds and any other Tax-Exempt Bonds issued or to be issued to finance the Project.

"*Rebate Requirement*" means the amount of rebatable arbitrage computed as of the last day of each fifth Bond Year pursuant to Section 1.148-3 of the Treasury Regulations.

"*Related Person*" means

(i) In the case of a 501(c)(3) corporation or governmental organization, any organization that, directly or indirectly, controls or is controlled by the 501(c)(3) corporation or is part of a group that is commonly controlled.

(ii) In the case of a corporation other than a 501(c)(3) corporation, (A) an individual who owns directly or indirectly more than 50% in value of the outstanding stock of the corporation; (B) a partnership, if any partner owns both more than 50% in value of the outstanding stock of the corporation and more than 50% of the capital or profits interest of the partnership; (C) another corporation, if that corporation owns more than 50% of the voting power or value of the corporation; (D) another corporation, if more than 50% of the voting power or value of its stock is owned by the corporation; (E) another corporation, if five or fewer individuals own stock possessing more than 50% of the voting power or value of both that corporation and the corporation; (F) an S corporation, if the same individual owns more than 50% in value of both the S corporation and the corporation; or (G) a trust or its grantor, either of which owns more than 50% in value of the outstanding stock of the corporation.

(iii) In the case of a partnership, (A) a partner that owns directly or indirectly more than 50% of the capital interest or the profits interest in such partnership; (B) another partnership, if the same person or persons own directly or indirectly more than 50% of the capital interest or the profits interest in both that partnership and the

partnership; or (C) an S corporation, if the same person or persons own more than 50% of the capital interest or the profits interest in the partnership.

(iv) In the case of an individual, (A) members of the individual's family (including the individual's spouse, brothers, sisters, ancestors and lineal descendants); (B) a corporation more than 50% in value of the outstanding stock of which is owned directly or indirectly by or for such individual; (C) a partnership, if the individual owns directly or indirectly more than 50% of the capital interest or the profits interest in such partnership; or (D) a trust as to which the individual is either grantor or beneficiary, or which has the same grantor as a trust to which the individual is beneficiary.

"*Sale Proceeds*" means any amount(s) actually or constructively received from the sale of the issue, including amounts used to pay underwriter's discount or compensation and excluding pre-issuance accrued interest,.

"*Tax Certificate*" means this Tax Certificate and Agreement.

"*Tax-Exempt Bond*" means any obligation the interest on which is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code or Section 103 of the Internal Revenue Code of 1954, as amended (the "1954 Code"), and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least 95 percent of income to the stockholder is treated as interest that is excludable from gross income under Section 103 of the Code.

"*Yield*" means that discount rate described in Section 5.1 of this Tax Certificate.

1.7 Issuer Reliance on Other Parties. With respect to certain matters contained in this Tax Certificate, the Issuer specifically relies upon certifications of (i) the Borrower contained herein and (ii) the Underwriter in the Underwriter's Certificate attached hereto as Exhibit A. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or in the Exhibits hereto.

1.8 Borrower Reliance on Other Parties. With respect to certain matters contained in this Tax Certificate, the Borrower specifically relies upon certifications of (i) the Issuer contained herein, and (ii) the Underwriter in the Underwriter's Certificate attached hereto as Exhibit A. The Borrower is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or in the Exhibits hereto

1.9 Delivery of Fannie Mae Mortgage-backed Security. The Bonds will be issued to finance the purchase of a single mortgage pass-through certificate (the "Related Mortgage-backed Security") guaranteed as to principal and interest by the Federal National Mortgage Association ("FNMA"), if and when issued. The Related Mortgage-backed Security will not be available for purchase on the date of issuance of the Bonds, but is expected to be available for acquisition by the Trustee prior to the Initial Mandatory Redemption Date. The Related Mortgage-backed Security will be backed by a fixed rate Mortgage Loan secured by the Project. Prior to the date of the delivery by FNMA of the Related Mortgage-backed Security, the Bonds

will be cash collateralized with: (i) the proceeds of the Bonds equal to the principal amount thereof deposited with the Trustee in the Bonds Proceeds Account, and (ii) accrued interest on the Bonds deposited with the Trustee in the Revenue Account in an amount equal to the interest at the pass-through rate expected on the Bonds dated date to, but not including, the Initial Mandatory Redemption Date. Upon delivery of the Related Mortgage-backed Security, the proceeds of the Bonds will be used by the Trustee to purchase the Related Mortgage-backed Security from the Lender.

ARTICLE 2

REPRESENTATIONS, CERTIFICATIONS, EXPECTATIONS AND COVENANTS OF THE ISSUER

2.1 Official Action. On December 1, 2017, (the "Inducement Date") the Issuer declared its intention to authorize the issuance and sale of tax-exempt housing revenue bonds of the Issuer in an amount sufficient to pay up to $30,000,000 toward the cost of the Project (including reimbursements of costs of the Project paid prior to the Closing Date), and upon such terms and conditions as were to be mutually agreed upon by the Issuer and the Borrower. A copy of the Inducement Resolution is attached hereto as Exhibit B.

2.2 Public Hearing and Approval. The Project is located within the geographic boundaries of the City of San Francisco, California. On December 6, 2017, the Issuer caused to be published in *The San Francisco Chronicle*, a newspaper of general circulation within the City of San Francisco, a notice of public hearing to be held by the City of San Francisco by its Mayor's Office of Housing and Community Development regarding the issuance of the Bonds to finance the costs of the Project. On December 20, 2017, such public hearing was held. At such hearing all interested persons were invited and given an opportunity to comment upon the nature and location of the facilities comprising the Project and the financing thereof by the Bonds. A copy of said notice is attached hereto as Exhibit C.

Following said public hearing, on March 30, 2018, the Mayor of the City of San Francisco approved the Project and the financing thereof through the issuance of the Bonds. A copy of said approval is attached hereto as Exhibit C.

2.3 Registered Form. The Bonds are being issued in registered form.

2.4 Information Reporting. The Issuer will cause a properly completed and executed IRS Form 8038 to be filed with respect to the Bonds no later than November 15, 2018.

2.5 Volume Cap. On December 13, 2017, the California Debt Limit Allocation Committee ("CDLAC") adopted its Resolution No. 17-131 (the "Original CDLAC Resolution") transferring $29,500,000 unused 2017 Carryforward Allocation of the City and County of San Francisco ("CCSF") for the Project. On March 19, 2018, pursuant to a request from the Issuer and CCSF, CDLAC amended the CDLAC Resolution to reflect that the "applicant" (as such term is used in the CDLAC Resolution) would be the Issuer, not CCSF (the Original CDLAC Resolution, as so revised and as may be further amended from time to time, the "CDLAC Resolution"). Pursuant to the CDLAC Resolution, the Issuer is transferring $15,618,000 unused

2017 Carryforward Allocation in respect of the Bonds and $13,880,000 in respect of the Short-Term Bonds for the Project. The issue price of the Bonds does not exceed its volume cap allocation. Attached as EXHIBIT G is a copy the properly filed IRS Form 8328 and the CDLAC Resolution

ARTICLE 3

REPRESENTATIONS, CERTIFICATIONS, EXPECTATIONS AND COVENANTS OF THE BORROWER

3.1 Ownership of the Project. The Project will be initially owned and operated by the Borrower. The Project is located on a single parcel or contiguous parcels of land within the City and County of San Francisco, California.

3.2 Qualifying Costs; Reallocation.

(a) **Qualifying Costs**. The total "proceeds" of the Bonds (*i.e.*, the Sale Proceeds plus investment earnings during construction of the Project) are estimated to be $15,618,000. At least 97% of such proceeds will be allocable to costs of constructing property of a character subject to the allowance for depreciation, which land or property constitutes qualified residential rental project facilities (as described in Section 3.3 below) and, except for Preliminary Expenditures, which costs were paid or incurred no more than sixty days All of the reasonably expected costs listed in Exhibit D, totaling at least $23,363,220 re Good Costs and do not include the cost of land or other property or services which the Borrower paid to any Related Person.

Any Contingency items listed in Exhibit D reflect the Borrower's expectation that there will be actual Good Costs paid with or allocated to proceeds in the amount shown. The Borrower acknowledges that the listed contingency items are not costs of the Project until a specific Project cost is paid, and the Borrower covenants that each such actual cost will be reviewed and analyzed for the portion of such cost, if any, that is a Good Cost, based on the nature of the actual cost in question. All of the contingency will ultimately be allocated to Good Costs.

No more than 3% of the "proceeds" of the Bonds may be used to pay for certain costs which may not be chargeable to the capital account of qualifying facilities which comprise the Project, such as costs of issuing the Bonds, interest and credit enhancement expenses on the Bonds which accrue with respect to completed portions of the Project (generally, portions of the Project with respect to which a final certificate of occupancy has been issued).

(b) **Allocation; Reallocation.** Pursuant to Treasury Regulations Section 1.148-6(d), the Issuer must account for the allocation of Bond proceeds to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the Project is placed in service. This allocation must be made in any event by the date 60 days after the fifth anniversary of the Closing Date or the date 60 days after the retirement of this issue of Bonds, if earlier. The expenditures constituting the Project represent only a portion of the total costs of a multifamily housing project. Multiple sources of funds are available to be used to pay for expenditures of the Project as they are incurred, and the Issuer and the Borrower may perform a

final allocation of Bond proceeds as set forth Treasury Regulations Section 1.148-6(d) after such initial payment. The Borrower expects to allocate $0.00 of proceeds of the Bonds to reimburse itself for costs paid prior to the Closing Date. Notwithstanding any wire transfers on the Closing Date or thereafter, the Borrower reasonably expects that such final allocation of Bond proceeds will be substantially similar to those reflected on Exhibit D.

3.3 Qualified Residential Rental Project. (a) The facilities being constructed by the Borrower (the "Facilities") include space that will be used for commercial, non-residential purposes (the "Retail Facilities"). The Retail Facilities represent approximately 2.42% of the total square footage of the Facilities (3,130 retail square feet out of 129,089 total square feet). The actual cost of the Retail Facilities is no more than 2.42%. The Retail Facilities are not included in the Project and only equity of the borrower or funds from sources other than proceeds of the Bonds, are being used to pay costs of the Commercial Facilities. To that end, he Project will consist only of:

(i) those portions of buildings which are (A) complete facilities for living, sleeping, eating, cooking and sanitation which will be used on other than a transient basis by one or more persons and which will be available on a regular basis for use by members of the general public (subject to any limitations on eligible tenants imposed by the Issuer) and (B) facilities and areas properly allocable to such living facilities, such as centrally located machinery and equipment and common areas in a typical apartment building (but not including any health club facility),

(ii) land and other facilities that are properly allocable to such living facilities, such as parking areas and recreational areas for occupants of the living facilities, or

(iii) directly related and essential land areas, facilities, and building areas that are of a character and size commensurate with the number and size of the living facilities and are not functionally related and subordinate to, or properly allocable to, any other facilities.

(b) The land costs included on Exhibit D consist of survey costs, improvement costs, engineering costs (relating to the acquisition, survey and improvement costs listed above), interest costs, legal and accounting costs, and title and recording fees which are properly allocable to the Project (or facilities directly related and essential to the Project) and which are attributable to land acquired, or work performed, after the date 60 days prior to the date of the Inducement Date. Land costs also include clearing and grading costs, landscaping, and other similar costs that are added to the Borrower's cost basis in the land. The legal costs included herein do not include legal costs related to the issuance of the Bonds.

(c) The building costs included on Exhibit D consist of construction costs, architect costs, land preparation costs (including allocable engineering fees that may not be treated as a land cost), insurance costs, and legal and accounting costs which are properly allocable to the Project (or facilities directly related and essential to the Project) and which are attributable to Preliminary Expenditures or items acquired, or work performed, after the date 60 days prior to the Inducement Date Action. These costs include material and labor costs incurred to construct the Project (and facilities directly related and essential to the Project). Land

preparation costs included herein include costs that would normally be treated as costs added to the Borrower's cost basis in the land but which are directly associated with the construction of the Project or of facilities functionally related and subordinate to the Project, and thus are treated as depreciable property (e.g., excavation costs for the Project's foundation). The legal costs included herein do not include legal costs related to the issuance of the Bonds.

(d) No "capitalized interest" is listed on Exhibit D that is interest attributable to (i) proceeds of the related indebtedness expended for items acquired, or work performed, prior to the date 60 days prior to the Inducement Date, or (ii) a period after which (A) construction of the real property portion of the Project to which such interest is allocable is completed (e.g., the completion of construction of a structure or portion or floor thereof), or (B) personal property to which such interest is allocable has been placed in service (e.g., the installation of appliances) for federal income tax purposes.

(e) "Points" paid to the Issuer or any originating correspondent of the Issuer (whether denominated as loan fees, commitment fees or origination fees) are generally treated as prepaid interest amortizable ratably over the term of the Loan. However, "points" paid to the Issuer that reimburse the Issuer for actual costs that it incurred to issue the Bonds are issuance costs. Notwithstanding the foregoing, the entire amount of the Issuer's fee paid from Bond proceeds has been included as a cost of issuing the Bonds.

3.4 Project Description.

(a) The Project will consist of acquisition and rehabilitation of a 41-unit (including one manager's units) multifamily rental housing development located in the City of San Francisco, California, and other common facilities and necessary maintenance, electrical, heating, plumbing and sanitation space common to the Project. The Project will also include parking spaces that are to be used by the residential tenants and their guests. The residential rental structures will contain residential units, and necessary heating, plumbing and sanitation areas. Each residential unit will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation. For example, each unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink, all of which will be separate and distinct from other units. The Project will also include normal landscaping around the exterior of each of the structures that make up the Project.

(b) With respect to any portion of the parking spaces that are financed or refinanced with proceeds of the Bonds, such parking spaces will be functionally related and subordinate to the Project in that they will be no greater in number than is normally appropriate for a project that is the size of the Project and they will be available equally to tenants of the Project. Only tenants and their guests will use these parking spaces.

(c) The common facilities will exist as a tenant amenity and may be used by any tenant for no additional cost. These facilities will be of a character and size commensurate with the character and size of the Project. The recreational facilities will be functionally related and subordinate to the rest of the Project.

(d) The Borrower will not provide any medical, psychiatric, or nursing services, or any similar services, to the residents of the Project.

3.5 Change in Use. The Borrower reasonably expects to use all Sale Proceeds of the Bonds for the Project through the funding of the Loan to be made by the Issuer and assigned to the Trustee, as their interests may appear, pursuant to the Loan Agreement. The Borrower further expects to use the Project in accordance with the provisions of Section 3.3 hereof for the entire stated term to maturity of the Bonds, and, absent an Opinion of Counsel, the Borrower in fact will use all Net Sale Proceeds of the Bonds and the Project as set forth in this Section 3.4 and Section 3.3 hereof.

3.6 Prohibited Facilities. None of the proceeds of the Bonds will be used to finance or refinance any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

3.7 Useful Life. The weighted average reasonably expected economic life of facilities comprising the Project is at least 30 years (see Exhibit D). The weighted average maturity of the Bonds is no more than 30 years, as set forth by the Underwriter in Exhibit A hereto. Accordingly, the weighted average maturity of the Bonds is not longer than 120% of the average useful life of the facilities comprising the Project.

3.8 Land Expenditures. Less than 25% of the Proceeds of the Bonds will be allocable to costs properly chargeable to the capital account of land or interests in land. The Borrower hereby covenants to monitor the amount of Bond Proceeds spent on qualifying costs and permissible nonqualifying costs within the meaning of Section 3.2 hereof (such qualifying costs and permissible nonqualifying costs in the aggregate being referred to herein as "Total Costs"). If at any time unspent Bond Proceeds or similar amounts relating to Bonds not yet issued are not expected to be spent on Total Costs (e.g., the Project has been completed or abandoned), the Borrower shall use moneys derived from a source other than a tax-exempt borrowing ("Equity," for purposes of this Section 3.8) to redeem Bonds to the extent necessary to ensure that the 25% land limitation is satisfied based on the actual amount of Proceeds of Bonds spent on Total Costs. This limitation will be satisfied so long as the amount of Equity used to redeem Bonds equals or exceeds the amount of E, determined as set forth in the following formula (where B equals Bond Proceeds spent on the costs of land and E equals the amount of deposited Equity):

[(B minus E) divided by (Total Costs)] multiplied by 100% = 25%.

3.9 Existing Facilities; Rehabilitation Requirement. All of the proceeds of the Bonds will be allocated toward rehabilitation of the Project. Accordingly, proceeds of the Bonds will not be used to acquire any property unless such property was or will be first used by the acquiror.

3.10 Targeting Compliance. The Borrower and the operator of the Project continuously will remain in compliance with the low-income targeting requirements set forth in Section 142(d) of the Code for each Project. In general, Section 142(d) of the Code requires that

either (i) 20% or more of the residential units in a project are occupied by individuals whose income is 50% or less of area median gross income, or (ii) 40% or more of the residential units in a project are occupied by individuals whose income is 60% or less of area median income. The specific requirements in this regard are set forth in the Regulatory Agreement.

ARTICLE 4

REPRESENTATIONS, CERTIFICATIONS, EXPECTATIONS AND COVENANTS OF THE ISSUER AND THE BORROWER

4.1 Reasonable Expectations. This Article IV states the reasonable expectations of the Issuer and the Borrower with respect to the amounts and uses of Bond proceeds and certain other moneys.

4.2 No Federal Guarantee. The Bonds are obligations issued to provide qualified residential rental property. No proceeds of the Bonds will be invested in any federally insured deposits or accounts. The preceding sentence shall not apply to:

(a) investments in the Project Fund or other funds during the temporary period described in Section 4.18 of this Tax Certificate;

(b) investments in the Bona Fide Debt Service Fund; and

(c) investments in obligations issued by the United States Department of Treasury.

4.3 No Refunding. Bond proceeds will not be used directly or indirectly to make principal, interest or premium payments with respect to any governmental obligation other than the Bonds.

4.4 No Pooling. The Issuer and the Borrower will not use any Bond proceeds directly or indirectly to make or finance loans to two or more ultimate borrowers.

4.5 No Hedge Bonds. The Issuer and the Borrower reasonably expect that more than 85% of Net Sale Proceeds will be expended for governmental purposes of the Bonds before September 21, 2021. Not more than 50% of Bond Proceeds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more. In addition, the payment of legal and underwriting costs associated with issuance of the Bonds is not contingent, and at least 95% of all legal and underwriting costs associated with issuance of the Bonds will be paid no later than 180 days after the Closing Date.

4.6 Sale Proceeds and Other Amounts. The Borrower will not use any proceeds of the Bonds to finance any other project. The Issuer will deposit or cause to be deposited all of the Sale Proceeds into the Project Fund.

4.7 Costs of Issuance. No more than 2% of the net proceeds of the Bonds will be used to pay costs of issuance. The Borrower hereby covenants to monitor the amount of Bond Proceeds spent on qualifying costs and permissible nonqualifying costs within the meaning of

Section 3.2 hereof (such qualifying costs and permissible nonqualifying costs in the aggregate being referred to herein as "Total Costs"). If at any time unspent Bond Proceeds or similar amounts relating to Bonds not yet issued are not expected to be spent on Total Costs (e.g., the Project has been completed or abandoned), the Borrower shall use moneys derived from a source other than a tax-exempt borrowing ("Equity," for purposes of this Section 4.7) to redeem Bonds to the extent necessary to ensure that the 2% costs of issuance limitation is satisfied based on the actual amount of Proceeds of Bonds spent on Total Costs. This limitation will be satisfied so long as the amount of Equity used to redeem Bonds equals or exceeds the amount of E, determined as set forth in the following formula (where B equals Bond Proceeds spent on the costs of issuance and E equals the amount of deposited Equity):

[(B minus E) divided by (Total Costs)] multiplied by 100% = 2%.

4.8 Other Replacement Proceeds. Neither Issuer nor the Borrower (or any related person) will use any Gross Proceeds directly or indirectly to replace funds of the Issuer, the Borrower (or any related person), which funds are or will be used directly or indirectly to acquire Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Bonds.

4.9 Program Obligations. The Issuer is providing for the Loan as part of a governmental program (the "Program") involving the acquisition of loans to provide housing and related facilities. In all cases at least 95% of the payments received under the Loan and other agreements relating to the Program will be used to pay debt service on the Bonds or other obligations relating to the Program, to reimburse the Issuer or to pay directly for the costs of issuing such obligations, to acquire additional loans under the Program, or to redeem and retire such obligations at the earliest possible dates of redemption. The Borrower will not purchase, pursuant to a formal or informal arrangement, the Bonds or other obligations of the Issuer under the Program in an amount related to the amount of the Loan.

4.10 Administrative Costs. The Borrower has paid or reimbursed (or will pay or reimburse) the Issuer for certain administrative costs incurred by or for the benefit of the Issuer in connection with the Bonds, including costs of issuing the Bonds and fees and expenses of the Trustee, but excluding general expenses or administrative overhead of the Issuer. Applying the yield on the Bonds as a discount rate, the present value of these payments to or for the benefit of the Issuer does not exceed the present value of administrative costs paid by or for the benefit of the Issuer with respect to the Bonds. The Borrower also has committed to remit to the Trustee any Rebate Requirement.

4.11 Issuer and Other Fees. In addition to the amounts described above in Section 4.10, the Borrower has agreed to pay certain expenses arising out of or in connection with the Loan Agreement and other associated costs, and has further agreed to pay to the (a) Issuer certain issuer's fees, (b) Trustee certain annual fees, and (c) certain other administrative fees, as set forth in the Financing Agreement.

The payment of the Issuer's annual fee and any other fees described above is not expected to cause the yield on the Loan to exceed the yield on the Bonds by more than one and one-half percentage points (1.5%). The total amount of such fees, less the amount of such fees

that constitute fees for a qualified guarantee under Treasury Regulations Section 1.148-4(f), will not exceed one and one-half percent of the outstanding amount of the Bonds. If an intentional act or omission of the Issuer contributes to the early redemption of the Bonds, such that these payments cause the yield on the Loan to exceed the yield on the Bonds by more than 1.5%, the Issuer and the Trustee will return these payments to the Borrower unless the Issuer has received an Opinion of Counsel that the making of such payments will not adversely affect the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

4.12 Expenditure of Gross Proceeds. For purposes of this Tax Certificate, Gross Proceeds will be treated as spent when they are used to pay or reimburse disbursements by the Borrower that are (i) capital expenditures relating to the Project, (ii) costs of issuing the Bonds, (iii) interest on the Bonds through the later of three years after the Closing Date or one year after the Project is placed in service, (iv) initial operating expenses directly associated with the Project (in aggregate amount not exceeding 5% of the Sale Proceeds), or (v) other miscellaneous expenditures described in Treasury Regulations Section 1.148-6(d)(3)(ii). Absent an Opinion of Counsel, all expenditures of Gross Proceeds will be made in respect of (a) Preliminary Expenditures, (b) costs of issuing the Bonds, (c) other payments made by the Borrower on or after the Closing Date, or (d) capital costs of the project paid on or after the date 60 days before the Inducement Date. The Borrower represents that it will not make a payment of Gross Proceeds to a Related Person.

4.13 Offering Price. The Issuer is delivering the Bonds to the Underwriter on the date hereof in exchange for payment of the Sale Proceeds

4.14 Application of Bond Proceeds Prior to Related Mortgage-backed Security Delivery Date. On the Closing Date, the Bonds will be cash collateralized with proceeds of the Bonds equal to the principal amount thereof deposited with the Trustee in the Bond Proceeds Fund. As proceeds of the Bonds are used to reimburse the Borrower for capital expenditure relating to the Project, an equal amount will be deposited into the Collateral Fund.

4.15 Application of Certificate Proceeds on the Related Mortgage-backed Security Delivery Date. Prior to the Related Mortgage-backed Security Delivery Date, FNMA will enter into a commitment with the Lender (an approved FNMA lender) of the Related Mortgage Loan to deliver the Related Mortgage-backed Security to the Trustee for purchase. Upon the delivery of the Related Mortgage-back Security, the cash collateral will be used by the Trustee to purchase the Related Mortgage-backed Security from the Lender. The Related Mortgage-backed Security will then secure the Bonds.

4.16 Investment Proceeds. All Investment Proceeds earned with respect to any fund or account established under the Indenture shall remain in the fund or account where earned.

4.17 Imputed Proceeds. The purchase price of each obligation that is part of the Bonds is at least 95% of the obligation's face amount, and each obligation that is part of the Bonds does not have a stated interest rate (determinable at the date of issue) that increases over the term of the obligation.

4.18 Funds and Accounts. Pursuant to the Indenture, the Issuer and the Borrower will cause the following funds and accounts to be established and maintained:

Revenue Fund
    Negative Arbitrage Account
    Redemption Premium Account;
Rebate Fund;
Costs of Issuance Fund;
Bond Proceeds Fund;
Collateral Fund;
Borrower Funds Account,
        Equity Sub-Account
        Lender Sub-Account;
Reimbursement Fund;
Administration Fund; and
Operating and Lease Up Reserve Fund

Issuer and the Borrower do not expect to use any fund or account, other than the Revenue Fund, and the Collateral Fund, directly or indirectly, to pay principal of, redemption premium, if any, or interest on the Bonds; nor is any other fund or account, other than the Revenue Fund and the Collateral Fund however established, so pledged as security for the Bonds that there is a reasonable assurance that amounts held in such other fund or account will be available if needed to pay debt service on the Bonds.

4.19 Bona Fide Debt Service Fund.

4.19.1 The Bonds are special, limited obligations of the Issuer payable from the Pledged Receipts pledged pursuant to the Indenture. The Borrower expects to make payments on the Loan using current revenues of the Borrower and will not set aside monies for future payments on the Loan.

4.19.2 Under the Indenture, all Pledged Receipts not required to be deposited to the Revenue Fund or not otherwise specifically directed in writing to be deposited into other funds are to be deposited in the Revenue Fund and applied as provided in the Indenture.

4.19.3 Moneys in the Revenue Fund (the "Bona Fide Debt Service Fund") shall be used solely for the payment of the principal of and the premium, if any, and interest on the Bonds. The Bona Fide Debt Service Fund will be depleted at least once a year except for a reasonable carryover amount not to exceed the greater of the prior Bond Year's earnings on such funds or 1/12th of the prior Bond Year's debt service on the Bonds. Amounts contributed to the Bona Fide Debt Service Fund will be spent within thirteen months after the date of such contribution and any amounts received from the investment or reinvestment of moneys held in the Bona Fide Debt Service Fund will be expended within one year after the date of accumulation thereof in such fund. Amounts in the Bona Fide Debt Service Fund shall be invested without regard to yield.

4.20 Bond Proceeds Funds, Reimbursement Fund. Proceeds of the Bonds deposited in the Bond Proceeds Fund and in the Reimbursement Fund will be used to reimburse the Borrower for the capital costs of the Project. Any Sale proceeds or Investment Proceeds in the Bond Proceeds Fund or in the Reimbursement Fund remaining unspent on or after September 21, 2021, shall be invested either in (i) Investment Property with a yield not exceeding the yield on the Bonds, (ii) assets that are not treated as investment Property (e.g., Tax-Exempt Bonds), or (iii) assets that satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148(c) subject to the limitation set forth in Section 1.148-10(b)(1)(ii). The Borrower expects to spend at least 85% of the Sale Proceeds deposited in the Bond Proceeds Fund and in the Reimbursement Fund within the 3-year period following the Closing Date. A substantially binding obligation to third parties to expend at least 5% of the Net Sale Proceeds of the Bonds will be incurred within 6 months of the Closing Date, and the completion of the Project (and the allocation of such Sale Proceeds to expenditures on the Project) will proceed with due diligence. Sale Proceeds deposited into the Bond Proceeds Fund and the Reimbursement Fund may be invested at an unrestricted yield for the three-year period following the Closing Date but will be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

4.21 Borrower Funds Accounts. Tax credit equity and various other money that is not Sale Proceeds or Investment Proceeds of the Bonds may be held in the Borrower Funds Accounts from time to time. Amounts in the Borrower Funds Accounts may be used to pay costs of the Project. Amounts in the Borrower Funds Accounts are not reasonably expected to pay debt service on the Bonds and are not pledged to the Bonds such that there is a reasonable assurance that amounts in the Borrower Funds Accounts will be available to pay debt service on the Bonds in the event of financial difficulty of the Borrower or the Project. To the extent amounts in the Borrower Funds Accounts are not Sale Proceeds or Investment Proceeds and are not reasonably expected to pay debt service on the Bonds nor pledged to pay debt service on the Bonds, amounts in the Borrower Funds Accounts may be invested without regard to yield. If Sale Proceeds or Investment Proceeds are ever held in the Borrower Funds Accounts or amounts in such account are either reasonably expected to pay debt service on the Bonds or pledged to pay debt service on the Bonds, such amounts must be invested as set forth in Section 5.3 of this Tax Certificate.

4.22 Costs of Issuance Fund. Amounts held in the Costs of Issuance Fund will used to pay costs of issuing the Bonds. No Sale Proceeds of the Bonds will be deposited in the Costs of Issuance Fund.

4.23 Administration Fund. Amounts that are not Sale Proceeds or Investment Proceeds will be deposited periodically in the Administration Fund solely to pay like amounts of periodic fees and expenses relating to the Bonds or to be transferred to the Borrower Fund. Such amounts may be invested without regard to yield.

4.24 Operating and Lease Up Fund. The Indenture creates the Operating and Lease Up Reserve Fund. No Sale Proceeds or Investment Proceeds will be held in the Operating and Lease Up Fund. Amounts in the Operating and Lease Up Fund are not reasonably expected to pay debt service on the Bonds and, generally, are not pledged to the payment of debt service on the Bonds such that there is a reasonable assurance that amounts in the Operating and Lease Up

Fund will be available to pay debt service on the Bonds in the event of financial difficulties of the Borrower or the Project. To the extent amounts in the Operating and Lease Up Fund are not expected to be used to pay debt service on the Bonds and are not so pledged, such amounts may be invested without regard to yield.

4.25 Collateral Fund. The Indenture creates the Collateral Fund. Amounts in the Collateral Fund are reasonably expected to be used to purchase the MBS on the MBS Delivery Date as defined in the Indenture. Prior to the MBS Delivery Date amounts in the Collateral Fund are pledged to the payment of debt service on the Bonds. Monies on deposit in the Collateral Fund will be restricted as to yield as described in Section 5.3 of this Tax Certificate

4.26 Rebate Fund. The Issuer and the Borrower jointly covenant not to use moneys on deposit in any fund or account in connection with the Bonds in a manner that will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Rebate Fund is created under the Indenture. Pursuant generally to Part VI hereof and specifically to Section 6.3 hereof, the Trustee shall deposit into the Rebate Fund any payments received from or caused to be received from the Borrower for purposes of ultimate rebate to the United States. The amount required to be held in the Rebate Fund at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code and the regulations applicable thereto. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service on the Bonds. Sale Proceeds and Investment Proceeds are not expected to be held in the Rebate Fund. To the extent Sale Proceeds and Investment Proceeds are not held in the Rebate Fund, amounts in the Rebate Fund will be invested without regard to yield.

4.27 Three-Year Temporary Period. The Borrower reasonably expects that moneys in the amount of at least 85% of the Net Sale Proceeds will be spent to finance costs with respect to the Project before September 21, 2020. The Borrower heretofore has incurred a binding obligation to one or more unrelated parties involving an expenditure of not less than 5% of Net Sale Proceeds. Allocations of Net Sale Proceeds and Investment Proceeds to costs of the Project will proceed with due diligence. Sale Proceeds will be deposited in the Bond Proceeds Fund in accordance with Section 4.6 of this Tax Certificate. Sale Proceeds deposited into the Project Fund and Investment Proceeds earned thereon, will be invested without regard to yield through September 21, 2021.

4.28 No Overissuance. Sale Proceeds, together with Investment Proceeds, do not exceed the amount expected to be necessary for the purpose of the issue.

4.29 No Abusive Arbitrage Device. The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (a) enabling the Issuer, the Borrower or any Related Person to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage, and (b) over-burdening the tax-exempt bond market in any manner, including (without limitation) by selling bonds that would not otherwise be sold or selling more bonds, or issuing them sooner, or allowing them to remain outstanding longer, than otherwise would be necessary.

ARTICLE 5

ARBITRAGE - YIELD AND YIELD RESTRICTION

5.1 Yield. For purposes of this Tax Certificate and Agreement, yield is calculated as set forth in Section 148(b) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. Thus, yield generally means that discount rate which when used in computing the present value of all unconditionally payable payments representing principal and interest with respect to the Bonds, taking into account the adjustment with respect to certain Bonds as required pursuant to Treasury Regulations Section 1.148-4(b)(3), produces an amount equal to the present value, using the same discount rate, of the issue price of the Bonds. The aggregate issue price of the Bonds, based upon information provided by the Underwriter in Exhibit A, attached hereto, is $15,618,000.00 which equals the face amount of the Bonds plus accrued interest on the Bonds prior to the Closing Date. The Underwriter has calculated the yield on the Bonds to be not less than 3.55%.

5.2 Qualified Hedge. Neither the Issuer nor the Borrower has entered into or expects to enter into any contract to modify the Issuer's or the Borrower's risk in respect of interest rate changes such that failure to take such contract into account would distort the yield on the Bonds.

5.3 Yield Restriction. Absent an Opinion of Counsel, if the sum of (A) all Sale Proceeds unspent after September 21, 2021, plus (B) all Investment Proceeds remaining unspent after a one-year period beginning on the date of receipt of such Investment Proceeds, plus (C) any amounts held in Bona Fide Debt Service Funds and remaining unexpended after 13 months from the date of accumulation in any such funds, plus (D) amounts held in the Collateral Fund at any time, in the aggregate, exceeds $100,000, the excess will be invested either (i) in Investment Property with a yield not exceeding the yield on the Bonds, (ii) in assets that are not treated as Investment Property (e.g., Tax-Exempt Bonds), or (iii) in assets that satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148-5(c), subject to the limitation set forth in Section 1.148-10(b)(1)(ii).

ARTICLE 6

COVENANTS OF THE ISSUER AND THE BORROWER REGARDING REBATE

6.1 Undertakings. Pursuant to the Indenture, the Issuer and the Borrower have covenanted to comply with certain requirements of Section 148(f) of the Code in connection with the Bonds. The Issuer and the Borrower acknowledge that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. (Treasury Regulations Sections 1.148-1 through 1.148-11, 1.150-1 and 1.150-2.) The Issuer and the Borrower covenant that they will undertake to determine precisely what is required with respect to the rebate provisions contained in Section 148(f) of the Code and said regulations from time to time and will comply with any requirements that may be applicable to the Bonds. Except to the extent inconsistent with any requirements of the Code or

the regulations or future regulations, the Issuer and the Borrower will undertake the methodology described in this Tax Certificate.

6.2 Recordkeeping. The Borrower shall maintain or cause to be maintained detailed records with respect to each Nonpurpose Investment attributable to Gross Proceeds of the Bonds, including: (a) purchase date; (b) purchase price; (c) information establishing fair market value on the date such investment became a Nonpurpose Investment; (d) any accrued interest paid; (e) face amount; (f) coupon rate; (g) periodicity of interest payments; (h) disposition price; (i) any accrued interest received; and (j) disposition date. Such detailed recordkeeping is required to facilitate the calculation of the Rebate Requirement.

6.3 Rebate Requirement Calculations and Payments.

(a) The Borrower will prepare or cause to be prepared calculations of the Rebate Requirement consistent with the rules described in this Section 6.3. (The interim calculations not falling at the close of the periods referred to in Section 6.3(c) below may be made as of the close of the Bond Years involved or as of other dates more convenient to the Borrower, and such dates shall be treated as the close of Bond Years for purposes of this Section 6.3.) The Borrower will complete the calculation of the Rebate Requirement and submit such calculation to the Issuer and the Trustee within 55 days after the close of the third Bond Year, within 55 after the close of the fifth Bond Year and each succeeding fifth Bond Year and within 55 days after the first date on which there are no outstanding Bonds. Concurrent with the submission of each such calculation, the Borrower shall transfer to the Trustee for deposit in the Rebate Fund the amount indicated by the calculation as necessary to increase the sum held in the Rebate Fund to the Rebate Requirement or, if appropriate, direct the Trustee to decrease the sum held in the Rebate Fund to the Rebate Requirement and to return the excess to the Borrower.

(b) For purposes of calculating the Rebate Requirement, (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its fair market value (determined as provided in Section 1.148-5(d)(6) of the Treasury Regulations or Section 6.4 hereof, as applicable) at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment (based on the assumed purchase price at fair market value and adjusted to take into account amounts received with respect to the Nonpurpose Investment and earned original issue discount or premium) on the first date when there are no outstanding Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Borrower shall pay, or cause the Trustee to pay, from the Rebate Fund to the United States Department of the Treasury not later than 60 days after the end of the fifth Bond Year and each succeeding fifth Bond Year, an amount equal to 90% and, not later than 60 days after the first date when there are no outstanding Bonds, an amount equal to 100% of the Rebate Requirement (determined as of the end of the immediately preceding Bond Year) plus any actual or imputed earnings on such Rebate Requirement, all as set forth in Section 1.148-3 of the Treasury Regulations. In furtherance of the covenants contained in this Section 6.3(c), not later than 45 days after (i) the end of the fifth Bond Year, (ii) the end of each succeeding fifth Bond Year and (iii) the first date on which there are no outstanding Bonds, the Borrower shall

deliver to the Trustee a statement of the amount payable, if any, to the United States Department of the Treasury pursuant to this Section 6.3 and (notwithstanding the provisions of Section 6.3(a) hereof with respect to each Bond Year described in this sentence) shall remit to the Trustee, if necessary, an amount sufficient to cause the sum held in the Rebate Fund to equal at least the amount so payable.

(d) Each payment required to be made pursuant hereto shall be filed with the Internal Revenue Service Center, Ogden, Utah, on or before the date such payment is due, and shall be accompanied by Form 8038-T. The Borrower shall retain records of the calculations required by this Section 6.3 until 6 years after the first date when there are no outstanding Bonds.

6.4 Investments and Dispositions.

(a) General Rule. No Investment Property may be acquired with Gross Proceeds for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) in excess of the fair market value of such Investment Property. No Investment Property may be sold or otherwise disposed of for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) less than the fair market value of the Investment Property.

(b) Fair Market Value. In general, the fair market value of any Investment Property is the price that a willing buyer would pay to a willing seller to acquire the Investment Property, with no amounts paid to artificially reduce or increase the yield on such Investment Property. This section describes various safe harbors for determining fair market value. Other methods may be used to establish fair market value, provided, however, that such methods comply with the requirements of Section 1.148-5(d)(6) of the Treasury Regulations.

(c) Arm's-Length Purchase and Sales. If Investment Property is acquired pursuant to an arm's length transaction without regard to any amount paid to reduce the yield on the Investment Property, the fair market value of the Investment Property shall be the amount paid for the Investment Property (without increase for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations). If Investment Property is sold or otherwise disposed of in an arm's length transaction without regard to any reduction in the disposition price to reduce the Rebate Requirement, the fair market value of the Investment Property shall be the amount realized from the sale or other disposition of the Investment Property (without reduction for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations).

(d) SLGS. If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Department of the Treasury (as in the case of the United States Treasury Securities – State and Local Government Series ("SLGS") obligations), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

(e) Investment Contracts. The purchase price of any Investment Property acquired pursuant to a guaranteed investment contract (within the meaning of Section 1.148-1(b) of the Treasury Regulations) shall be determined as provided in Section 1.148-5 of the Treasury

Regulations. No investment contract shall be acquired with Gross Proceeds unless the requirements of Section 1.148-5 of the Treasury Regulations and this Section 6.4(e) are satisfied. With respect to any investment contract, the Borrower will obtain from the provider of the investment contract, broker thereof or other party, such information, certification or representations as will enable the Borrower to determine that these requirements are satisfied.

The purchase price of an investment contract will be considered to be fair market value if:

(1) the Borrower has made (or has had made on its behalf) a bona fide solicitation for the investment contract; the solicitation must have specified the material terms of the investment contract (i.e., all the terms that could directly or indirectly affect the yield or the cost of the investment including the collateral security requirements for the investment contract) and, unless the moneys invested pursuant to such investment contract will be held in the Bona Fide Debt Service Funds, the Borrower's reasonably expected drawdown schedule for the moneys to be invested; the solicitation has a legitimate business purpose (i.e., a purpose other than to increase the purchase price or reduce the yield) for every term of the bid specification;

(2) all bidders have an equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(3) the Borrower solicits bids from at least three (3) investment contract providers with established industry reputations as competitive providers of investment contracts;

(4) the Borrower includes in the bid specifications a statement to potential bidders that by submitting a bid, the provider is making certain representations that the bid is bona fide, and specifically that 1) the bidder did not consult with any other potential provider about its bid, 2) the bid was determined without regard to any other formal or informal agreement that the potential provider had with the Borrower or any other person, and 3) the bid was not submitted solely as a courtesy to the Borrower or any other person for purposes of satisfying the requirements of Section 1.148-5 of the Treasury Regulations;

(5) at least three bids meeting the qualification requirements of the bid solicitation (as set forth in (1) above) have been received from different providers of investment contracts that have no material financial interest in the Bonds (the following investment contract providers are considered to have a material financial interest in the issue: 1) a lead underwriter in a negotiated underwriting, but only until 15 days after the issue date of the issue, 2) an entity acting as a financial advisor with respect to the purchase of the investment contract at the time the bid specifications were forwarded to potential providers; and 3) any related party to a provider that is disqualified for one of the two preceding reasons);

(6) at least one of the bids received by the Borrower that meets the requirements of the preceding paragraph is from an investment contract provider with an established industry reputation as a competitive provider of investment contracts;

(7) the investment contract has a yield (net of any broker's fees) at least equal to the highest yielding of the qualifying bids received from the bidders that have no material financial interest in the Bonds; if the investment contract is not the highest-yielding of the

qualifying bids, the Borrower must have significant non-tax reasons, such as creditworthiness of the bidder, for failure to purchase the highest-yielding investment contract offered;

(8) if an agent for the Borrower conducts the bidding process, the agent does not bid;

(9) the provider of the investment contract certifies as to all administrative costs to be paid on behalf of the Borrower, including any fees paid as broker commissions in connection with the investment contract.

(f) Deemed Acquisition or Sale. The fair market value of any Investment Property not directly purchased with Gross Proceeds for which there is an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Temporary Treasury Regulations) shall be determined as provided in Section 20.2031-2 of the Estate Tax Regulations, as adjusted by Treasury Regulations Section 1.148-5(d). Any market especially established to provide Investment Property to an issuer of governmental obligations shall not be treated as an established securities market.

(g) Certificates of Deposit. The purchase price of a certificate of deposit issued by a commercial bank that has a fixed interest rate, a fixed principal payment schedule, a fixed maturity and a substantial penalty for early withdrawal will be considered to be fair market value if:

(1) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(2) the yield on the certificate of deposit is not less than the highest published yield of the provider thereof which is currently available on comparable certificates of deposit offered to the public.

(h) Broker Compensation. For purposes of computing the Yield on any investment contract acquired through a broker, reasonable compensation received by such broker, whether payable by or on behalf of the obligor or obligee of such investment contract, may be taken into account in determining the cost of the investment contract (as provided in Section 1.148-5(e)(2)(iii) of the Treasury Regulations). For calendar year 2016, compensation is deemed reasonable if does not exceed the lesser of (i) $40,000 or (ii) 0.2% of the amount reasonably expected, as of the date of acquisition of the investment contract, to be invested under the investment contract over its term, or $4,000 (if 0.2% of such amount reasonably expected to be invested under the investment contract over its term is less than $4,000). In addition, the total fees received by the broker with respect to the investment of any proceeds of the Bonds that are taken into account with respect to all investment contracts, at any time, may not exceed $113,000. The dollar amounts referenced are subject to the cost-of-living adjustment provided in Section 1.148 5(e)(2)(iii)(B) of the Treasury Regulations.

6.5 Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Issuer and the Borrower shall cause to be established separate subaccounts or shall cause the Trustee to take such other accounting measures as are necessary in order to account fully for all Gross Proceeds.

6.6 Filing Requirements. The Issuer and the Borrower will file or cause to be filed such reports or other documents with the Internal Revenue Service as are required by the Code.

6.7 Exception from Rebate Requirement. Some investments of proceeds of the Bonds may qualify for exception from the rebate requirements outlined in this Part VI.

6.7.1 **Bona Fide Debt Service Funds Exception**. No rebate calculations will need to be made with respect to any moneys in the Bona Fide Debt Service Fund (as described in Section 4.19 of this Tax Certificate).

6.7.2 **Six-Month Expenditure Exception.** In general, no rebate calculations will be required with respect to Adjusted Gross Proceeds if all such Adjusted Gross Proceeds actually are spent within six months after the Settlement Date.

6.7.3 **Eighteen-Month Expenditure Exception.** In general, no rebate calculations will be required with respect to Sale Proceeds or Investment Proceeds, if at least 15% of expected Adjusted Gross Proceeds actually are spent within six months after the Settlement Date, at least 60% of expected Adjusted Gross Proceeds actually are spent within twelve months after the Settlement Date, and 100% of actual Adjusted Gross Proceeds actually are spent within eighteen months after the Settlement Date. The requirement that 100% of actual Adjusted Gross Proceeds be spent within eighteen months after the Settlement Date will be met if at least 95% of Adjusted Gross Proceeds is spent within eighteen months and the remainder is held as a reasonable retainage, as permitted by contracts with the contractors, and such remainder is spent within thirty months after the Settlement Date.

6.8 Retention of Rebate Analyst. The Borrower hereby undertakes to satisfy its obligation to perform the rebate calculations that may be required to be made from time to time with respect to the Bonds in the manner set forth in Exhibit E.

ARTICLE 7

OTHER MATTERS

7.1 Expectations. The undersigned are authorized representatives of the Issuer and the Borrower acting for and on behalf of the Issuer and the Borrower in executing this Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

7.2 Amendments. Notwithstanding any other provision of this Tax Certificate, the Issuer and the Borrower may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is based on an Opinion of Counsel.

7.3 Retention of Records. The Issuer and the Borrower covenant to maintain all records relating to the requirements of the Code and the representations, certifications and covenants set forth in this Tax Certificate until the date three years after the last outstanding

Bonds has been retired. If any of the Bonds are refunded or prepaid by other Tax-Exempt Bonds (the "Refunding Obligations"), the Issuer and the Borrower covenant to maintain all records required to be retained by this Section until the later of the date three years after the last outstanding Bonds have been retired or the date three years after the last Refunding Obligations have been retired. The records that must be retained include, but are not limited to:

(i) Basic records and documents relating to the Bonds (including all documents included in the transcript that is prepared in connection with the Bonds);

(ii) Documentation evidencing the expenditure of Bond proceeds;

(iii) Documentation evidencing all sources of payment or security for the Bonds;

(iv) Documentation pertaining to any investment of Bond proceeds (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations); and

(v) Documentation evidencing that the targeting compliance requirements set forth in Section 3.10 above and in the Regulatory Agreement have been continuously satisfied.

7.4 Survival of Defeasance. Notwithstanding any provision in this Tax Certificate or the Indenture to the contrary, the obligation to remit the Rebate Requirement, if any, to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive defeasance of the Bonds.

7.5 Post-Issuance Compliance. The Issuer and the Borrower have covenanted to comply with certain requirements of the Code as set forth in this Tax Certificate. The Issuer intends to comply with these requirements through the obligation and undertaking by the Borrower to comply with these requirements, including, if necessary, the retention of a qualified rebate analyst. A copy of the Issuer's post-issuance compliance procedures is attached hereto as Exhibit H, which the Borrower hereby acknowledges and the Borrower covenants that its own post-issuance compliance is and will be substantially similar and may be more expansive.

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Dated as of the date first written above.

BORROWER:

Hermann Street Associates, L.P.,
a California limited partnership

By: Hermann Street Associates LLC,
a California limited liability company,
its general partner

By: MCB Family Housing, Inc.
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Its Vice President

[CMFA/One Church Street – 2018 Series A – Tax Certificate and Agreement]

Dated as of the date first written above.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

By: _____
Authorized Signatory

EXHIBIT A

California Municipal Finance Authority
Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS)
(Hilltop Apartments Project) Series 2017 (FN)

September 21, 2018

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated ("Stifel"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is par plus accrued interest prior to the date hereof.

2. Defined Terms.

(a) "*Issuer*" means the California Municipal Finance Authority.

(b) "*Maturity*" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Underwriter or a related party to the Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe

LLP, and Amira Jackmon, Attorney at Law, as co-bond counsel, in connection with rendering their opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

[Signature Page Follows]

[Underwriter's signature page to Issue Price Certificate – One Church Street – 2018 Series A]

Dated as of the date first written above.

STIFEL, NICOLAUS & COMPANY, INCORPORATED, as Underwriter

By: _____
Name:
Title:

SCHEDULE 1 to UNDERWRITER'S CERTIFICATE

EXHIBIT B

COPY OF RESOLUTION

EXHIBIT C

COPY OF NOTICE OF HEARING, HEARING MINUTES AND APPROVAL FOR ISSUANCE OF THE BONDS

EXHIBIT D

SCHEDULE OF GOOD COSTS AND AVERAGE REASONABLY EXPECTED ECONOMIC LIFE
(at a minimum)

The following describes the property expected to be financed with the proceeds of the Bonds:

Item	***Cost****	***Expected Economic Life***
Hard Rehabilitation Costs	$ 11,875,049	40 years
Add-Alts and Allowances	3,096,279	40 years
Change Orders	95,990	40 years
Construction Contingency	3,892,545	40 years
Contractor Overhead and Profit	1,231,604	40 years
Contractor General Conditions	923,703	40 years
GC Bond Premium/Insurance	565,823	40 years
Architect	1,037,735	40 years
Construction Supervision	222,481	40 years
Local Permits/Fees	322,011	40 years
Furnishings	100,000**	7 years
Total	$ 23,363,220	

*Unless otherwise noted, includes no more than 97.58% of the total cost of such line item for the Facilities.

** No furnishings are being provided to the Commercial Facilities.

EXHIBIT E

CERTIFICATE OF THE BORROWER CONCERNING REBATE

September 21, 2018

On behalf of Hermann Street Associates, L.P., a California limited partnership (the "Borrower"), the undersigned hereby certifies, represents and warrants with respect to the Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS) (One Church Street) 2018 Series A being issued on the date hereof in the principal amount of $15,618,000 (the "Bonds"), that the Borrower has decided to designate Tiber Hudson LLC as rebate analyst responsible for performing rebate calculations required to be made from time to time with respect to the Bonds and as a result undertakes and assumes full responsibility for rebate compliance and acknowledges that co-bond counsel has no such responsibility (unless later engaged in writing for such purpose).

Dated as of the date first written above.

BORROWER:

Hermann Street Associates, L.P.,
a California limited partnership

By: Hermann Street Associates LLC,
a California limited liability company,
its general partner

By: MCB Family Housing, Inc.
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Its Vice President

EXHIBIT F

FORM 8038

EXHIBIT G

FORM 8328

EXHIBIT H

POST-ISSUANCE COMPLIANCE PROCEDURES

EXHIBIT I

September 21, 2018

CERTIFICATE CONCERNING EXCHANGE OPTION

$15,618,000
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
MULTIFAMILY TAX-EXEMPT MORTGAGE-BACKED BONDS
(M-TEMS) (ONE CHURCH STREET)
2018 SERIES A

This certificate is being delivered by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), in connection with the issuance of the above referenced bonds (the "Bonds") pursuant to the Indenture of Trust, dated as of September 1, 2018 (the "Indenture") between the California Municipal Finance Authority (the "Issuer") and U.S. Bank National Association, as trustee (the "Trustee"). Based on its records and other information available to the undersigned, including information from the Issuer, the Underwriter certifies as follows:

1. The undersigned is a duly authorized representative of the Underwriter.

2. Pursuant to the Indenture, the Bonds are exchangeable for the Related Mortgage-backed Securities (the "Obligations") at the option of the holder of the Bonds (the "Holder"). The Underwriter has been advised by bond counsel that the interest component of the Obligations is not excluded from gross income for federal income tax purposes and the interest component of the Bonds is excluded from gross income for federal income tax purposes. Because the debt service on the Obligations is substantially identical to the debt service on the Bonds, the Underwriter understands that if a Holder exercises the exchange provision to exchange the Bonds for the underlying Obligations, it will have converted future interest payments that are currently classified as excluded from gross income for Federal income tax purposes to payments that would be included in such gross income.

3. As of the date hereof, to the best of the Underwriter's knowledge there have been no requests to exchange bonds of any prior series of "MTEMS" bonds issued by the Issuer which include the exchange provision or language substantially similar to the exchange provision included in the Bonds.

4. It is reasonable to estimate that the Bonds were initially offered at a price that was approximately [____]% in excess of the market value of the Bonds based on price indications of similar collateral traded in the multifamily mortgage-backed securities market.

5. Based on the foregoing and subject to the continuation of reasonably similar market conditions and applicable tax and securities regulations, it is reasonable to believe a Holder would exercise the exchange option only in extraordinary circumstances and, therefore, that the likelihood that a Holder would exercise the exchange option is remote. Such extraordinary circumstances could include, but are not limited to, an inversion of the traditional relationship between the market value of taxable debt and the market value of tax-exempt debt, a change in the regulatory or tax treatment of holding debt obligations such as

the Bonds and/or holding debt obligations such as the Obligations, or if in the event of an insolvency or possible insolvency of the Issuer, the holding of the Bonds is treated differently from exercising the option to hold the Obligations.

6. The difference in the fair market value of the Bonds having the exchange option and the fair market value of otherwise identical obligations but without the exchange option is less than $[_____], which is 5% of the fair market value of the Bonds.

Because the likelihood of the exercise of the exchange option in the future will depend on future circumstances that may be different from what can reasonably be expected as of the date hereof, the likelihood of such exercise may be different in the future from what is anticipated as of the date hereof.

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Dated as of the date first referenced above:

STIFEL, NICOLAUS & COMPANY, INCORPORATED, as Underwriter

By:_____
Name:
Title:

[Certificate Concerning Exchange Option – One Church Street – 2018 Series A]