
INDENTURE OF TRUST

by and between the

INDEPENDENT CITIES FINANCE AUTHORITY, as Authority

and

UNION BANK, N.A., as Trustee

Dated as of September 1, 2013

Relating to:

\$ _____

Independent Cities Finance Authority
Mobile Home Park Revenue Bonds
(Vista de Santa Barbara Mobilehome Park)
Series 2013A

and

\$ _____

Independent Cities Finance Authority
Mobile Home Park Revenue Bonds
(Vista de Santa Barbara Mobilehome Park)
Series 2013B (Federally Taxable)

and

\$ _____

Independent Cities Finance Authority
Mobile Home Park Subordinate Revenue Bonds
(Vista de Santa Barbara Mobilehome Park)
Series 2013C

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of September 1, 2013, is by and between the Independent Cities Finance Authority, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), and Union Bank, N.A., a national banking association duly authorized to accept and execute trusts of the character herein set forth, as trustee (the "Trustee").

RECITALS:

WHEREAS, the Authority is authorized pursuant to Chapter 8 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") to issue bonds for the purpose of making a loan to a nonprofit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), for use by such organization to finance the acquisition of, among other things, mobile home parks to provide housing within the territorial jurisdiction of the Authority; and

WHEREAS, Millennium Housing, LLC, a California limited liability company (the "Borrower"), has requested that the Authority issue its Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park) Series 2013A in the initial principal amount of \$_____ (the "Series A Bonds"), its Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park) Series 2013B (Federally Taxable) in the initial principal amount of \$_____ (the "Series B Bonds" and, together with the Series A Bonds, the "Senior Bonds") and its Mobile Home Park Subordinate Revenue Bonds (Vista de Santa Barbara Mobilehome Park) Series 2013C in the initial principal amount of \$_____ (the "Series C Bonds" and collectively with the Series A Bonds and the Series B Bonds referred to herein as the "Bonds") and loan the proceeds from the sale thereof (the "Loan") to the Borrower to provide financing with respect to the acquisition and improvement of the Vista de Santa Barbara Mobilehome Park (the "Project") located in the City of Carpinteria, California (the "City"), to fund the Senior Bonds Debt Service Reserve Fund securing the Senior Bonds, to fund the Restricted Account of the Repair and Replacement Fund and to pay the costs of issuing the Bonds, all under and in accordance with the Constitution and laws of the State of California; and

WHEREAS, the City is an associate member of the Authority and has authorized the Authority's financing of the Project; and

WHEREAS, the Authority has expressly determined and hereby confirms that the issuance of the Bonds (described below) and the making of the Loan will accomplish a valid public purpose of the Authority by assisting persons of very low and low income in the City in obtaining decent, safe and sanitary housing; and

WHEREAS, in order to implement the making of the Loan, the Authority has concurrently herewith entered into the Loan Agreement with the Borrower and the Trustee pursuant to which the Authority has agreed to make, and the Borrower has agreed to accept, a loan to enable the Borrower to finance the Project; and

WHEREAS, the execution and delivery of this Indenture and the issuance and sale of the Bonds have been in all respects duly and validly authorized by a written resolution duly adopted by the Authority; and

WHEREAS, the Bonds, the Trustee's certificate of authentication to be endorsed thereon and the form of assignment to be endorsed on such Bonds are to be in substantially the forms attached hereto as Exhibits A, B or C, as applicable, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, the Authority has determined that the execution and delivery of the Bonds and of this Indenture have been duly authorized and all things necessary to make the Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding limited obligations of the Authority and to make this Indenture a valid and binding instrument for the security of the Bonds, have been done.

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Authority, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the purchasers thereof, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on all Bonds Outstanding hereunder from time to time, according to their tenor and effect, and to secure the observance and performance by the Authority of all the covenants expressed or implied herein and in the Bonds, does hereby convey, pledge and assign unto the Trustee, and unto its successors and assigns forever and does hereby grant to it and them a security interest, together with all right, title and interest of the Authority, in:

GRANTING CLAUSE FIRST

For the benefit of the Senior Bonds, the Senior Bonds Trust Estate, and for the benefit of the Series C Bonds, the Series C Bonds Trust Estate (as such terms are defined herein), if any, together with all right, title and interest of the Authority therein including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the moneys, income, revenues, issues, profits and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Authority or any other person is or may become entitled to do under said documents;

GRANTING CLAUSE SECOND

Any and all other property of each name and nature from time to time hereafter by delivery or by writing of any kind pledged or assigned as and for additional security for the Senior Bonds and the Series C Bonds, hereunder, by anyone, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in said trusts and assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Senior Bonds, as to the Senior Bonds Trust Estate, from time to time issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Senior Bonds over any of the other Senior Bonds.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Series C Bonds, as to the Series C Bonds Trust Estate, from time to time issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Series C Bonds over any of the other Series C Bonds.

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds and Accounts as required hereunder or shall provide, as permitted by Article XIII hereof, for the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the moneys, income, revenues, issues, profits and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Authority or any other person is or may become entitled to do under said documents;

THIS INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and the Revenues and the Residual Revenues hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds, as follows:

ARTICLE I. DEFINITIONS AND STATUTORY AGENCY

Section 1.1 Definitions. The following terms shall, for all purposes of the Indenture, have the following meanings. In addition, the capitalized terms used but not defined in this Indenture shall have the meanings specified in the Loan Agreement and the Regulatory Agreement, as they may from time to time be supplemented or amended as provided herein.

“Account” shall mean an Account created and established by Article V of this Indenture.

“Accountant’s Certificate” shall mean a certificate or opinion signed by an independent certified public accountant of recognized national standing or a firm of accountants of recognized national standing, selected by the Authority upon consultation with the Borrower,

who may be the accountant or firm of accountants who regularly audit the books of the Authority.

“Act” shall mean Chapter 8 of Part 5 of Division 31 of the Health and Safety Code of the State of California (commencing with Section 52100), as amended and supplemented from time to time.

“Administration Agreement” shall mean the Administration and Oversight Agreement, dated as of September 1, 2013, among the Authority, the Borrower and the Oversight Agent.

“Administration Fund” shall mean the Administration Fund created and established by Section 5.3.

“Authority” shall mean the Independent Cities Finance Authority, a joint powers authority organized and existing under the laws of the State.

“Authority Annual Fee” shall have the meaning set forth in the Regulatory Agreement.

“Authorized Denominations” shall mean, with respect to the Senior Bonds, \$5,000 or any integral multiple thereof and, with respect to the Series C Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof.

“Authorized Officer” shall mean the Program Administrator of the Authority or any person designated in writing by the Program Administrator of the Authority to act as an Authorized Officer hereunder.

“Bond” or “Bonds” shall mean any bond or bonds, including the Series A Bonds, the Series B Bonds and the Series C Bonds, authorized and issued pursuant to this Indenture.

“Bond Counsel” shall mean (i) Ballard Spahr LLP, or (ii) any nationally recognized law firm specializing in the area of tax-exempt municipal finance acceptable to the Authority.

“Bondowner” or “Owner” or “Owner of Bonds” or “Holder” or “Bondholder” or any similar term (when used with respect to Bonds) shall mean the registered owner of any Outstanding Bond or Bonds.

“Bond Register” shall mean the registration books of the Trustee with respect to the Bonds.

“Bond Year” shall mean a twelve-month period ending on August 15, except that the first Bond Year shall begin on the date on which the Bonds are initially delivered and end on the next succeeding August 15.

“Borrower” shall mean Millennium Housing, LLC, a California limited liability company, and permitted successors and assigns.

“Borrower Administration Fee” shall mean an amount equal to \$_____ per month, such amount to be increased at the start of Borrower’s fiscal year, commencing July 1, 2014, to

reflect 100% of any increase in the Consumer Price Index All Urban Consumers for the California CMSA in which the Project is located (base year 1982-1984=100), published by the United States Department of Labor, Bureau of Labor Statistics (“BLS”). If the base is changed, the CPI used shall be converted according to the conversion factor provided by the BLS.

“Borrower Representative” shall mean the person or persons at the time designated by the Borrower to act on the behalf of the Borrower by written certificate furnished to the Oversight Agent, Authority Program Administrator and the Trustee containing the specimen signatures of such person or persons and signed by the Borrower Representative. Such certificate may designate an alternate or alternates.

“Business Day” shall mean a day, other than a Saturday, Sunday, legal holiday or day on which the New York Stock Exchange is closed, on which banking institutions are not closed in the State of California, or in any state in which the Principal Office of the Trustee is located.

“City” shall mean the City of Carpinteria, California.

“Closing Date” shall mean September __, 2013, being the date when the Senior Bonds are delivered to the Underwriter and the Series C Bonds are delivered to the Seller.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations in effect thereunder.

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement between the Borrower and the Dissemination Agent named therein dated the Closing Date as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Cost of Issuance” shall mean items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, issuance and sale of Bonds, which expenses shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee and other Fiduciaries, legal fees and disbursements, professional consultants fees and disbursements, reimbursements to the Authority and its agents for administrative, travel and overhead expenses, bond discount, underwriting fees and other financing costs (if not otherwise provided for), fees and charges for execution, transportation and safekeeping of Bonds and all other costs, charges, fees and expenses in connection with the foregoing.

“Cost of Issuance Fund” shall mean the Cost of Issuance Fund established pursuant to Section 5.3.

“Cost of Project” shall mean, to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition and rehabilitation of the Project, including, without limitation, costs for the acquisition, repair and rehabilitation of property and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors’ overhead and supervisors’ fees and costs directly

allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof.

“Coverage Ratio” shall mean, for any period of time, (i) with respect to the Senior Bonds, the ratio derived by dividing the sum of the Net Operating Revenues received by the Borrower plus the earnings accruing to the Senior Bonds Debt Service Reserve Fund by the annual debt service payable on the Senior Bonds in the applicable fiscal year; and (ii) with respect to the Series C Bonds, the ratio derived by dividing the sum of the Net Operating Revenues received by the Borrower plus the earnings accruing to the Senior Bonds Debt Service Reserve Fund by the annual debt service payable on the Senior Bonds and the Series C Bonds plus the fees of the Trustee and the fees of the Oversight Agent in the applicable fiscal year.

“Coverage Requirement Certificate” shall have the meaning set forth in the Loan Agreement.

“Counsel’s Opinion” shall mean an opinion signed by an attorney or firm of attorneys acceptable to the Authority. Any such attorney may be in the regular employment of the Authority.

“Debt Service Requirement” shall mean, as of any date of calculation with respect to the Bonds, the sum of (i) all interest due or to become due on such date on all Outstanding Senior Bonds and Series C Bonds plus (ii) all Principal Installments due or to become due on such date on all Outstanding Senior Bonds and Series C Bonds or, if no Principal Installment is due and payable on such date on any Outstanding Senior Bonds and Series C Bonds, one-half of the Principal Installments, if any, due and payable on all Outstanding Senior Bonds and Series C Bonds on the next succeeding Interest Payment Date.

“Deed of Trust” shall mean the Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing pertaining to the Vista de Santa Barbara Mobilehome Park, executed as of September 1, 2013 by the Borrower, which secures the Borrower’s obligation to repay the Loan and constitutes a lien on real property referenced therein.

“Depository” shall mean (a) initially, DTC, and (b) any other Securities Depository acting as Depository under this Indenture.

“Depository System Participant” shall mean any participant in the Depository’s bookentry system.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” shall mean a Senior Bonds Event of Default or a Series C Bonds Event of Default, as set forth in Section 11.1.

“Fees and Charges” shall mean all fees and charges authorized to be received by the Authority from the Borrower pursuant to the terms and provisions of the Loan Agreement for the purpose of paying the Authority Annual Fee and the fees and expense of the Fiduciaries.

“Fiduciary” shall mean the Trustee, each Paying Agent, the Rebate Analyst, the Program Administrator and the Oversight Agent.

“Fiscal Year” or “fiscal year” shall mean (a) with respect to the Authority, each twelve-month period ending June 30 or such other fiscal year of the Authority which may be adopted and (b) with respect to the Borrower, each twelve-month period ending June 30 or such other fiscal year of the Borrower which may be adopted.

“Fund” shall mean a fund created and established by Article 5 hereof.

“Generally Accepted Accounting Principles” or “GAAP” shall mean the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor and the Governmental Accounting Standards Board or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Financial Accounting Standards Board or its successor.

“Government Obligations” shall mean bonds or other obligations which as to principal and interest constitute direct obligations of the United States of America and which are not subject to redemption prior to their maturity at the option of any person other than the holder thereof.

“Improvements” shall mean, as of the Closing Date or at any time thereafter, any structures (other than mobile homes not owned by the Borrower), site improvements, facilities and fixtures located on the Property.

“Indenture” shall mean this Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms and provisions hereof.

“Interest Payment Date” shall mean _____ 15 and _____ 15 of each year, commencing _____ 15, 2013, on which interest on any Bonds is due and payable.

“Loan” shall mean the loan made by the Authority, pursuant to the Loan Agreement, to the Borrower to finance the Project.

“Loan Agreement” shall mean the Loan Agreement dated as of September 1, 2013, by and among the Borrower, the Authority and the Trustee.

“Loan Documents” shall mean the Loan Agreement, the Note and the Deed of Trust, as each item may be amended and supplemented from time to time.

“Maximum Annual Debt Service” shall mean at any point in time, with respect to the applicable Senior Bonds or Series C Bonds then Outstanding, the maximum amount of principal (assuming sinking fund payments) and interest becoming due in the then current or any future Bond Year on such Senior Bonds or Series C Bonds, respectively.

“members of the Authority” shall mean members and associate members of the Authority.

“Millennium Housing Corporation” shall mean Millennium Housing Corporation, a California nonprofit public benefit corporation, and its permitted successors and assigns.

“Net Operating Revenues” shall have the meaning attributable to such term in the Loan Agreement.

“Net Proceeds” shall mean any proceeds resulting from the Authority’s enforcement of its rights under the Deed of Trust, insurance or condemnation proceeds paid with respect to the Project which are available after payment therefrom of all expenses incurred in the collection thereof.

“Note” shall mean the promissory note executed by the Borrower in accordance with the Loan Agreement.

“Officer’s Certificate” shall mean a certificate executed by an Authorized Officer.

“Operating Revenues” shall have the meaning attributable to such term in the Loan Agreement.

“Outstanding” when used with reference to an applicable series of Bonds, shall mean, as of any date, Bonds of such series theretofore or then being delivered under the provisions of this Indenture, except: (i) any Bonds of such series cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) Bonds of such series for the payment or redemption of which moneys equal to the Principal Amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agent in trust (whether at or prior to the date of maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) Bonds of such series in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 4.6, and (iv) Bonds deemed to have been paid as provided in Section 13.1.

“Oversight Agent” shall mean Wolf & Company Inc., and any successor thereto appointed by the Authority, which entity shall act as the initial Oversight Agent under the Administration Agreement.

“Oversight Agent Fee” shall mean an amount equal to \$[5,000] per year.

“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Paying Agent” shall mean the Trustee, acting as paying agent, or any other bank, trust company or national banking association designated or appointed pursuant to Sections 7.2 and 8.2 to act as a paying agent for the Bonds, and each successor or successors and any other bank,

trust company or national banking association at any time substituted in its place pursuant to this Indenture.

“Permitted Encumbrances” shall mean, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent; (ii) the Regulatory Agreement; (iii) the Deed of Trust; (iv) any right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law after the Closing Date; (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which, in the opinion of the Oversight Agent, will not materially impair the use of the Project as contemplated in the Regulatory Agreement; and (vi) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Deed of Trust and to which the Authority and the Trustee consent in writing.

“Pledged Revenues” shall mean the Revenues but excluding therefrom, amounts on deposit in the Unrestricted Account of the Repair and Replacement Fund, the Administration Fund, the Rebate Fund and the Rental Assistance Fund.

“Prepayment” shall mean any moneys received or recovered by the Authority representing any voluntary payment of principal of or interest (including any penalty, fee, premium, or other additional charge for Prepayment which may be provided by the terms of the Deed of Trust) on the Loan prior to the scheduled payments of principal and interest called for by such Loan.

“Principal Amount” shall mean, with respect to any Bond and at any date of computation, the stated principal amount thereof.

“Principal Installment” shall mean, as of any date of computation, the amount payable in any Bond Year on account of: (i) the Principal Amount of Bonds of a particular series maturing in such Bond Year net of the aggregate of Sinking Fund Installments, if any, established and paid for in the prior Bond Years with respect to the Bonds of such series; plus (ii) the amount of any Sinking Fund Installments due in such Bond Year with respect to Bonds of such series.

“Principal Office” shall mean with respect to the Trustee, its corporate trust office in Los Angeles, California, or such other office hereafter so designated by the Trustee.

“Principal Payment Date” shall mean _____ 15 and _____ 15 in each year; commencing _____ 15, 20__ for the Series A Bonds, _____ 15, 20__ for the Series B Bonds and _____ 15, 20__ for the Series C Bonds.

“Project” shall consist of the Property and the Improvements.

“Project Fund” shall mean the Project Fund established pursuant to Section 5.2 hereunder and administered under and pursuant to the Loan Agreement.

“Property” shall mean the real property commonly known as the Vista de Santa Barbara Mobilehome Park located in the City of Carpinteria, California, all as more particularly described in the Regulatory Agreement.

“Qualified Investments” shall mean and include any of the following (including any funds comprised of the following, which may be funds maintained or managed by the Trustee and its affiliates):

- (a) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation).
- (b) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America. In the event these securities are used for defeasance, they shall be noncallable and nonprepayable.
- (c) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America:
 - (i) Resolution Funding Corporation.
 - (ii) U.S. Department of Housing and Urban Development (PHAs).
 - (iii) Small Business Administration.
 - (iv) Government National Mortgage Association (GNMA).
 - (v) Federal Housing Administration.
 - (vi) Farm Credit System Financial Assistance Corporation.
- (d) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
 - (i) Senior debt obligations rated no lower than the current rating on the Bonds by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
 - (ii) Senior debt obligations of the Federal Home Loan Bank System.
 - (iii) Senior debt obligations of other Government Sponsored Agencies.
- (e) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which either (i) have a rating on their short-term certificates of deposit on the date of purchase by S&P that is no lower than the current rating on the Bonds or (ii) are insured at all times by the Federal Deposit Insurance Corporation. All such certificates must mature no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).
- (f) Commercial paper which is rated at the time of purchase no lower than the current rating on the Bonds by S&P and which matures not more than 270 days after the date of purchase.
- (g) Investments in (i) money market funds rated no lower than the current rating on the Bonds by S&P (including any such funds for which the Trustee or an affiliate may be acting

as an investment advisor or providing other services) and (ii) public sector investment pools operated pursuant to SEC Rule 2a7 in which the issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated no lower than the current rating on the Bonds by S&P.

(h) Prerefunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and,

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), no lower than the current rating on the Bonds by S&P; or

(ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

(B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate, and

(C) which escrow is held by an escrow agent or trustee that maintains a rating by S&P that is no lower than the current rating on the Bonds.

(i) General obligations of states with a short-term rating and a long-term rating no lower than the current rating on the Bonds by S&P. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(j) Investment agreements with a domestic or foreign bank or corporation or insurance company the long-term debt of which, or claims paying ability, or, in the case of a guaranteed corporation the long-term debt, or, in the case of monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "BBB-" by S&P (provided that the investment of moneys deposited in the Debt Service Fund shall require a rating by S&P that is no lower than one category below the current rating on the Bonds).

(k) Repurchase agreements with financial institutions, banks or broker dealers the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated no lower than the current rating on the Bonds by S&P; provided, that (a) the over-collateralization is at least one hundred two percent (102%), computed weekly, consisting of such securities as described in this section, items (a) through (d); (b) a third-party custodian, the Trustee or the Federal Reserve Bank shall have possession of such obligations; (c) the Trustee

shall have perfected a first priority security interest in such obligations; and (d) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral.

(l) Forward delivery or forward purchase agreements, provided by financial institutions, banks or broker dealers the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated no lower than the current rating on the Bonds by S&P, with underlying securities of the types outlined in (a), (b), (c), (d) and (f) above.

“Rating Agencies” shall mean any of Fitch, Inc., Standard & Poor’s Ratings Services, a division of McGrawHill Companies, Inc. or Moody’s Investors Service, Inc., and such others as may be designated by the Authority from time to time.

“Rebatable Arbitrage” shall mean the amount (determinable as of the last day of each fifth Bond Year and upon retirement of the last Bond Outstanding) of arbitrage profits payable to the United States at all times and in the amounts specified in Section 148(f) of the Code and any applicable Regulations.

“Rebate Analyst” shall mean the entity engaged by the Borrower or the Authority to compute the Rebatable Arbitrage annually pursuant to Section 7.14 hereof.

“Rebate Fund” shall mean the Rebate Fund created and established by Section 5.3.

“Rebate Regulations” shall mean those final, temporary, and proposed Treasury Regulations promulgated under Section 148(f) of the Code.

“Record Date” shall have the meaning set forth in Section 3.5 hereof.

“Redemption Price” shall have the meaning attributable to such term in Article IV of this Indenture.

“Regulations” shall mean the Income Tax Regulations promulgated or proposed under the Code by the Department of the Treasury, as the same may hereafter be amended, including regulations promulgated by the Department of the Treasury to implement the requirements of Section 148 of the Code.

“Regulatory Agreement” shall mean the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of September 1, 2013, by and among the Authority, the Trustee and the Borrower relating to the Vista de Santa Barbara Mobilehome Park.

“Rental Assistance Fund” shall mean the Rental Assistance Fund created and established by Section 5.3.

“Repair and Replacement Fund” shall mean the Repair and Replacement Fund established pursuant to Section 5.3 hereunder.

“Representation Letter” shall mean the representation letter from the Authority to DTC.

“Required Rebate Deposit” shall mean an amount determinable as of the end of each fifth Bond Year and as of the date of retirement of the last Bond, which when added to amounts then on deposit in the Rebate Fund, if any, equals the aggregate amount of Rebatable Arbitrage for the Bonds less the amount of Rebatable Arbitrage theretofore paid to the United States with respect to the Bonds, if any.

“Revenue Fund” shall mean the Revenue Fund created and established by Section 5.3.

“Revenues” shall mean (i) Operating Revenues; (ii) Prepayments; (iii) the proceeds of any insurance, including the proceeds of any selfinsurance covering the loss relating to the Project; provided, however, that the Net Proceeds of any public liability insurance, casualty insurance or title insurance required to be maintained pursuant to the Loan Agreement shall be applied as specified in the Loan Agreement and this Indenture; (iv) all amounts on hand from time to time in the funds and accounts established by the Trustee under this Indenture; (v) all proceeds of rental interruption insurance policies, if any, carried with respect to the Project pursuant to the Loan Agreement; (vi) any proceeds derived from the exercise of remedies under the Deed of Trust; and (vii) any additional property that may from time to time, by delivery or by writing of any kind, be subjected to the lien of this Indenture by the Authority or by anyone on its behalf, subject only to the provisions of the Indenture.

“S&P” shall mean Standard & Poor’s Rating Service, a division of McGraw-Hill Companies, Inc.

“Securities Depositories” shall mean The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax(516) 2274039 or 4190; Midwest Securities Trust Company, Capital Structures Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax(312) 6632343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax(215) 4965058; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a written request of the Authority delivered to the Trustee.

“Seller” means _____.

“Senior Bonds” means, together, the Series A Bonds and the Series B Bonds.

“Senior Bonds Debt Service Fund” shall mean the Senior Bonds Debt Service Fund created and established by Section 5.3.

“Senior Bonds Debt Service Reserve Fund” shall mean the Senior Bonds Debt Service Reserve Fund created and established by Section 5.3.

“Senior Bonds Debt Service Reserve Fund Requirement” shall mean, as of any date of determination, an amount equal to the least of: (a) Maximum Annual Debt Service with respect to the Senior Bonds, (b) ten percent (10%) of the initial principal amount of the Senior Bonds, or (c) one hundred twenty-five percent (125%) of the average annual debt service on the Senior Bonds in each remaining Bond Year. As of the Closing Date, the Senior Bonds Debt Service Reserve Fund Requirement is \$_____.

“Senior Bonds Event of Default” shall have the meaning set forth in Section 11.1.

“Senior Bonds Redemption Fund” shall mean the Senior Bonds Redemption Fund created and established by Section 5.3.

“Senior Bonds Trust Estate” shall mean all proceeds, Funds, Accounts, Revenues, Prepayments, the Loan, the Loan Agreement (other than the rights of the Authority under Sections 6.6, 6.8 and 7.4 thereof, which are reserved by the Authority as set forth in Section 5.1(c)), the Deed of Trust, rights, interests, collections, and other property pledged to the payment of any Senior Bonds pursuant to Section 5.1(a) hereof and in the granting clauses hereof.

“Serial Bonds” shall mean all Bonds not constituting Term Bonds.

“Series A Bonds” shall mean the Independent Cities Finance Authority Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park) Series 2013A, originally issued in the principal amount of \$_____.

“Series B Bonds” shall mean the Independent Cities Finance Authority Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park) Series 2013B (Federally Taxable), originally issued in the principal amount of \$_____.

“Series C Bonds” shall mean the Independent Cities Finance Authority Mobile Home Park Subordinate Revenue Bonds (Vista de Santa Barbara Mobilehome Park) Series 2013C, originally issued in the principal amount of \$_____.

“Series C Bonds Debt Service Fund” shall mean the Series C Bonds Debt Service Fund created and established by Section 5.3.

“Series C Bonds Event of Default” shall have the meaning set forth in Section 11.1.

“Series C Bonds Redemption Fund” shall mean the Series C Bonds Redemption Fund created and established by Section 5.3.

“Series C Bonds Trust Estate” shall mean all proceeds, the Funds and Accounts created or established pursuant to this Indenture for the benefit of the Series C Bonds, Subordinate Residual Revenues, Subordinate Residual Net Proceeds, Subordinate Residual Prepayments, rights, interests, collections, and other property pledged to the payment of any Series C Bond pursuant to Section 5.1(b) hereof and in the granting clauses hereof; expressly excluding, however, the rights reserved to the Authority under Section 5.1(c).

“Sinking Fund Installment” shall mean the amount required to be applied by the Authority to the payment of the principal portion of the Redemption Price of Term Bonds (other than at the option or election of the Authority) on any one date as specified herein.

“State” shall mean the State of California.

“Subordinate Residual Net Proceeds” shall mean, on and after the date on which the Senior Bonds are no longer Outstanding, all Net Proceeds that would have been available for the redemption of Senior Bonds.

“Subordinate Residual Prepayments” shall mean, on and after the date on which the Senior Bonds are no longer Outstanding; all Prepayments which would have been available for the redemption of Senior Bonds.

“Subordinate Residual Revenues” shall mean (i) so long as the Senior Bonds shall remain Outstanding, such Pledged Revenues as are deposited in the Series C Bonds Debt Service Fund; and (ii) on and after the date the Senior Bonds are no longer Outstanding, all Pledged Revenues which would have been available for the payment of principal of and interest on the Senior Bonds.

“Supplemental Indenture” shall mean an indenture supplemental to or amendatory of this Indenture adopted by the Authority in accordance with Article IX.

“Surplus Fund” shall mean the Surplus Fund created and established by Section 5.3.

“Tax Certificate” shall mean that certain Tax Certificate and Agreement executed on the Closing Date with respect to the Bonds.

“Tax-Exempt Bonds” means the Series A Bonds and the Series C Bonds.

“Term Bonds” means the Series A Bonds maturing on _____ 15 in each of the years 20_, 20_, 20 and 20_, the Series B Bonds maturing on _____ 15 in each of the years 20_ and 20_, and the Series C Bonds maturing on _____ 15, 20_.

“Trustee” shall mean the bank or trust company or national banking association appointed pursuant to Section 8.1 to act as trustee hereunder, and its successor or successors and any other bank or trust company or national banking association at any time substituted in its place pursuant to this Indenture.

“Trustee Fee” shall mean, the amount payable to the Trustee in accordance with the written agreement in effect from time to time between the Trustee and the Borrower or such other amount as may be approved by the Authority.

“Trust Estate” shall mean, together, the Senior Bonds Trust Estate and the Series C Bonds Trust Estate.

“Underwriter” shall mean Newcomb Williams Financial Group, securities offered through Stinson Securities, LLC.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

Unless the context shall clearly indicate otherwise, the words “moneys,” “funds,” “amounts,” “proceeds,” and any other words of like import, when used in relation to any Fund or Account created or maintained under this Indenture, shall be deemed to include both cash and any investments, securities or other obligations, and the earnings thereon, held as a part of the Fund or Account to which such words relate.

Unless the context shall clearly indicate otherwise, references to Articles, Sections and other subdivisions, whether by letter, number or otherwise, are to the respective Articles, Sections and subdivisions of this Indenture.

ARTICLE II. AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.1 Authorization of Bonds.

(a) In order to provide funds for the Loan, Bonds of the Authority in the series designated (i) “Independent Cities Finance Authority Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park), Series 2013A” to be issued in the initial principal amount of \$ _____ (the “Series A Bonds”), (ii) “Independent Cities Finance Authority Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park), Series 2013B (Federally Taxable)” to be issued in the initial principal amount of \$ _____ (the “Series B Bonds” and, together with the Series A Bonds, the “Senior Bonds”) and (ii) “Independent Cities Finance Authority Mobile Home Park Subordinate Revenue Bonds (Vista de Santa Barbara Mobilehome Park), Series 2013C” to be issued in the initial principal amount of \$ _____ (the “Series C Bonds”), are hereby authorized. The Senior Bonds are payable on a parity basis from the Senior Bonds Trust Estate. The Series C Bonds are issued on a subordinate basis to the Senior Bonds as set forth herein. There is hereby created by this Indenture, in the manner and to the extent provided herein, a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of and interest on all of the Bonds issued pursuant to this Indenture. The Bonds shall be special obligations of the Authority payable solely from the Senior Bonds Trust Estate as to the Senior Bonds and the Series C Bonds Trust Estate as to the Series C Bonds. No additional Bonds either on a senior, a parity or subordinate basis to either series of the Bonds shall be issued under this Indenture.

(b) (i) The Bonds shall be dated as of the Closing Date. The Bonds shall bear interest at the rates set forth herein, shall be numbered in such manner as the Trustee may deem appropriate so long as each Bond of each series receives a distinctive number and shall mature, subject to the right of prior redemption as described herein, and become payable as provided herein.

(ii) Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months, payable on _____ 15 and _____ 15 of each year, commencing _____ 15, 2013.

The Series A Bonds shall be issued in the principal amounts, shall bear interest at the rates per annum, and shall mature on the dates set forth below:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
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The Series B Bonds shall be issued in the principal amounts, shall bear interest at the rates per annum, and shall mature on the dates set forth below:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
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The Series C Bonds shall be issued in the principal amounts, shall bear interest at the rates per annum, and shall mature on the dates set forth below:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
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Section 2.2 Conditions Precedent to the Issuance of the Bonds. The Bonds shall be executed on behalf of the Authority, authenticated by the Trustee, and delivered to the purchasers thereof, but only upon receipt of the following:

- (a) A copy of this Indenture executed by an Authorized Officer;
- (b) A written order of the Authority as to the authentication and delivery of the Bonds signed by an Authorized Officer describing the Bonds to be authenticated and delivered, designating the purchaser or purchasers to whom the Bonds are to be delivered, and stating the purchase price of the Bonds;
- (c) Counsels' Opinions to the effect that this Indenture has been duly executed and delivered by the Authority; that this Indenture is valid and binding upon the Authority and enforceable in accordance with its terms, except as to enforcement of remedies which may be limited by bankruptcy, insolvency, fraudulent conveyance or other laws or equitable principles affecting the enforcement of creditors' rights generally; and that the interest on the Tax-Exempt Bonds is excludable from gross income for federal tax purposes subject to customary exceptions and qualifications; and
- (d) Evidence of a policy of title insurance as required by Section 6.20 of the Loan Agreement.

ARTICLE III. GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.1 Medium of Payment; Form and Date. The Bonds shall be issuable only as fully registered Bonds without coupons in Authorized Denominations. Unless the Authority shall otherwise direct, the Bonds shall be numbered as determined by the Trustee.

The Series A Bonds, the Series B Bonds and the Series C Bonds, the designation of such Bonds, the forms of Bonds, the certificate of authentication to be endorsed on the Bonds and the form of assignment to be endorsed on the Bonds are to be in substantially the form set forth in Exhibits A, B and C, respectively, attached hereto and hereby made a part of this Indenture, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture.

The Bonds shall initially be dated as of the Closing Date. Regularly scheduled interest on the Bonds shall be payable on the applicable Interest Payment Date. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof to which interest has been duly paid or provided for, unless a Bond is authenticated on or before the first Record Date, in which case interest will accrue from the Closing Date, or unless authenticated as of a date during the period from the Record Date to and including the next Interest Payment Date, in which case it shall bear interest from such Interest Payment Date. The Trustee shall insert the date of authentication of each Bond in the place provided for such purpose in the form of certificate of authentication to be printed on each Bond. Each Bond shall bear interest on overdue principal at the rate then in effect on such Bond.

The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America, being any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest on each Bond shall be paid on each Interest Payment Date to the Bondowner of such Bond at the close of business on the Record Date with respect to such interest payment and shall be paid by check or draft mailed on such Interest Payment Date to such Bondowner at his address as it appears on the registration books of the Trustee or, upon the written request of a Bondowner of at least \$500,000 in principal amount of Bonds received by the Trustee not later than fifteen days prior to the Record Date for such payment, by wire transfer to an account in the United States designated by such Bondowner, irrespective of the cancellation of such Bond upon any transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date, unless the Authority shall default in the payment of interest due on such Interest Payment Date. Payment of principal and premium, if any, due on any Bond shall be paid only upon surrender of such Bond at the office designated by the Trustee in writing, or its successor in interest. In the event of any default in the payment of interest, such defaulted interest shall be payable to the Bondowner of such Bond on a special Record Date for the payment of such defaulted interest, which date shall be established by the Trustee by notice mailed by or on behalf of the Authority to the Owners of Bonds not less than fifteen (15) days preceding such special Record Date.

Section 3.2 Execution and Authentication; Limited Obligation. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the President thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile

signature of an Authorized Officer or the Secretary of the Authority. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been authenticated and delivered, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Authority although at the date of the Bonds such persons may not have been so authorized or have held such office or employment.

Each of the Bonds shall bear thereon a certificate of authentication, in the forms set forth in the forms of Bonds set forth in Exhibits A, B and C hereto, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Indenture and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

The Bonds, together with interest thereon, shall be limited obligations of the Authority, giving rise to no pecuniary liability of the Authority, members of the Authority, the State of California or any political subdivision thereof, nor any charge against its general credit, shall be payable solely from and shall be a valid claim of the respective Owners thereof only against the Trust Estate. The Bonds shall not constitute an indebtedness or loan of the credit of the Authority, members of the Authority or the State of California or any political subdivision thereof within the meaning of any constitutional or statutory provisions. Neither the faith and credit nor the taxing power of the Authority, members of the Authority or the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or any other costs incident thereto.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained herein, against any past, present or future member of the Board of Directors of the Authority, officer, employee or agent of the Authority, any member of the Authority or any officer, employee or agent of any member of the Authority, under any rule of law or equity, or statutory or constitutional provision or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such member of the Board of Directors of the Authority, officer, employee, agent, member or officer, employee or agent of any member of the Authority, as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

Section 3.3 Registration, Transfer and Exchange of Bonds; Persons Deemed Owners.

The Trustee shall cause to be maintained and kept, at the Principal Office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at such office, the Trustee shall register or cause to be registered therein, and permit to be

transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration of transfer.

Each Bond shall be transferable only upon the books of the Trustee, at the request of the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his duly authorized attorney. Upon the transfer of any such Bond, the Trustee shall issue in the name of the transferee a new registered Bond or Bonds of the same series, aggregate Principal Amount and maturity as the surrendered Bond.

Bonds may be exchanged at the Principal Office of the Trustee for an equal aggregate Principal Amount of Bonds of the same series and maturity of other authorized denominations. In each case in which Bonds are transferred or exchanged, the Authority shall execute and the Trustee shall authenticate, as required, and deliver Bonds to the transferee or the Bondowner making the exchange. The Authority and the Trustee may deem and treat the person in whose name any outstanding Bond shall be registered upon the books of the Trustee as the absolute Owner of such Bond, whether such Bonds shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to any such Owner or upon his written order or to his legal representative shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

Section 3.3.A Restrictions on Transfer of Series C Bonds . NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS INDENTURE TO THE CONTRARY, TRANSFER OF OWNERSHIP OF THE SERIES C BONDS IS RESTRICTED AS SET FORTH IN THIS SECTION 3.3.A. The Trustee shall not register the transfer or exchange of any Series C Bonds in the name of a new owner unless the new owner shall have delivered to the Trustee an investment letter in the form set forth in Exhibit D hereto signed by the new owner.

Section 3.4 Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute and the Trustee shall deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge, other than one imposed by the Authority, required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The cost of printing the Bonds required for any such exchange or transfer shall be paid by the Authority subject to reimbursement from the Administration Fund or the Surplus Fund.

Section 3.5 Record Date; Special Record Date. Interest on each Bond shall be payable to the Owner in whose name such Bond is registered at the close of business on the first (1st) day (whether or not a business day) of the calendar month in which such Interest Payment Date occurs (the "Record Date"), without regard to any transfer or exchange of such Bond after such

day, unless the Authority shall default in the payment of interest due on such Bond on such Interest Payment Date. If the Authority shall default in the payment of interest due on any Senior Bond, such defaulted interest shall be payable to the Owner in whose name such Senior Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the Owners of such Senior Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the Owners in whose names such Senior Bonds are registered at the close of business on the fifth day (whether or not a business day) preceding the date of mailing.

If the Authority shall fail to pay the interest due on a Series C Bond on an Interest Payment Date or the principal of a Series C Bond on a Principal Payment Date from the Series C Bonds Trust Estate, such principal and interest shall continue to accrue at the stated rate of interest with respect to the Series C Bonds and shall, to the extent Subordinate Residual Revenues are payable, be paid to the Owner in whose name such Series C Bond is registered at the close of business on the next succeeding Interest Payment Date from Subordinate Residual Revenues. However, no interest will be paid on overdue interest. Any interest or deferred principal not paid on an Interest Payment Date or Principal Payment Date, respectively, shall continue to accrue, and shall continue to bear interest at the stated rate of interest with respect to the Series C Bonds, respectively, from such Interest Payment Date or Principal Payment Date until such Interest Payment Date on which such amounts are paid from Subordinate Residual Revenues. The payment of interest on and principal of the Series C Bonds is secured solely to the extent of Subordinate Residual Revenues and the failure to make any payments on the Series C Bonds because of insufficient Subordinate Residual Revenues shall not constitute a Series C Bonds Event of Default under Section 11.1 hereof.

Section 3.6 Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and the Trustee shall authenticate and deliver, a new Bond of like series, maturity and Principal Amount as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Trustee with indemnity for the Authority and the Trustee satisfactory to the Trustee and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Authority and the Trustee may incur and any expenses related to any such indemnification required to be provided herein.

Section 3.7 Temporary Bonds. Until the definitive Bonds are prepared, the Authority may execute, in the same manner as is provided in Section 3.2 and, upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability for Bonds, one or more temporary Bonds which shall be registered as to principal and interest. Such temporary Bonds shall be substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds shall be payable only upon presentation of such temporary Bonds for notation thereon of the payment of

such interest. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, for exchange and cancellation, the Trustee shall authenticate and, without charge to the Owner thereof, deliver in exchange therefor, at the principal or corporate trust office of the Trustee, definitive Bonds, of the same aggregate Principal Amount, series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Indenture.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith canceled and destroyed by the Trustee.

Section 3.8 Cancellation. All Bonds surrendered for redemption, payment, replacement or exchange, if surrendered to the Trustee, shall be promptly canceled by it, and, if surrendered to any person other than the Trustee, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by it. The Authority may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder, which Bonds so delivered shall be promptly canceled by the Trustee. All canceled Bonds held by the Trustee shall be destroyed by a method selected by the Trustee. The Trustee shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed and one such executed certificate shall be filed with the Authority and the other such executed certificate shall be retained by the Trustee.

Section 3.9 Book Entry System for the Bonds.

(a) Unless the Authority otherwise directs the Trustee the Bonds shall be initially issued in the form of a separate single certificate fully registered Bond for each maturity of each such series of the Bonds. Upon initial issuance, the ownership of the Senior Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. Except as provided in Section 3.9(d) hereof, all Outstanding Senior Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. The Series C Bonds shall be issued as bond certificates, as described in this Indenture, and the initial ownership of the Series C Bonds shall be registered in the Bond Register in the name of the Seller. The Trustee shall not permit the Series C Bonds to be registered with DTC or its nominee or with any similar securities depository without the prior written consent of the Authority.

(b) With respect to Senior Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Senior Bonds, (ii) the delivery to any Participant or any other person, other than a Owner, as shown in the Bond Register, of any notice with respect to the Senior Bonds, including any notice of redemption, (iii) the payment to any Participant or any other person, other than an Owner, as shown in the Bond Register, of any amount with respect to principal of and interest on the Senior Bonds, or (iv) any consent given or other action taken by DTC as Bondholder. The Authority and the Trustee may treat and consider the person in whose name each Senior Bond is registered in the Bond Register as the holder and absolute owner of such Senior Bond for the purpose of payment of principal of and interest on such Senior Bond, for the purpose of giving notices of redemption and other matters with respect to

such Senior Bond, for the purpose of registering transfers with respect to such Senior Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of and interest on the Senior Bonds only to or upon the order of the respective Owners, as shown in the Bond Register, as provided in Section 3.3 hereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of and interest on the Senior Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificated Senior Bond evidencing the obligation of the Authority to make payments of principal of and interest on the Senior Bonds, pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) The delivery of the Representation Letter by the Authority shall not in any way limit the provisions of Section 3.9(b) hereof or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Senior Bonds other than the Owners, as shown on the Bond Register. The Trustee shall take all action necessary for all representations in the Representation Letter with respect to the Trustee to at all times be complied with.

(d) (i) DTC may determine to discontinue providing its services with respect to the Senior Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(ii) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Senior Bonds if the Authority determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Senior Bonds, or

(B) a continuation of the requirement that all Outstanding Senior Bonds be registered in the Bond Register in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of such Senior Bonds.

(C) Upon the termination of the services of DTC with respect to the Senior Bonds pursuant to subsection 3.9(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Senior Bonds pursuant to subsection 3.9(d)(i) or subsection 3.9(d)(ii)(A) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Authority is obligated to deliver bond certificates, as described in this Indenture and the Senior Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co. as nominee of DTC, but may be registered in

whatever name or names Owners transferring or exchanging Senior Bonds shall designate to the Trustee in writing, in accordance with the provisions of this Indenture.

(e) Notwithstanding any other provisions of this Indenture to the contrary, as long as any Senior Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Senior Bond and all notices with respect to such Senior Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV. REDEMPTION OF BONDS

Section 4.1 Privilege of Redemption and Redemption Prices. Bonds subject to redemption prior to maturity pursuant to the provisions of this Section shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms as are specified herein.

(a) Mandatory Sinking Fund Redemption.

(i) Series A Bonds. The Series A Bonds maturing on _____ 15 in each of the years 20__, 20__, 20__ and 20__, are subject to mandatory sinking fund redemption by application of the Sinking Fund Installments as provided herein on each _____ 15 and _____ 15, commencing on the respective dates set forth below, at a Redemption Price equal to 100% of the Principal Amount of each such Series A Bond or portion thereof to be redeemed, plus accrued interest to the date of redemption thereof, without premium, on the respective dates and in the amounts set forth in the following tables:

Series A Bonds Maturing on _____ 15, 20__

Sinking Fund Redemption Date (_____ 15 and _____ 15)	Principal Amount <u>To Be Redeemed</u>
---	---

(maturity)

Series A Bonds Maturing on _____ 15, 20__

Sinking Fund Redemption Date (_____ 15 and _____ 15)	Principal Amount <u>To Be Redeemed</u>
---	---

(maturity)

Series A Bonds Maturing on _____ 15, 20__

Sinking Fund Redemption Date (_____ 15 and _____ 15)	Principal Amount <u>To Be Redeemed</u>
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(maturity)

Series A Bonds Maturing on _____ 15, 20__

Sinking Fund Redemption Date (_____ 15 and _____ 15)	Principal Amount <u>To Be Redeemed</u>
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(maturity)

(ii) Series B Bonds. The Series B Bonds maturing on _____ 15 in each of the years 20__ and 20__, are subject to mandatory sinking fund redemption by application of the Sinking Fund Installments as provided herein on each _____ 15 and _____ 15, commencing on the respective dates set forth below, at a Redemption Price equal to 100% of the Principal Amount of each such Series B Bond or portion thereof to be redeemed, plus accrued interest to the date of redemption thereof, without premium, on the respective dates and in the amounts set forth in the following tables

Series B Bonds Maturing on _____ 15, 20__

Sinking Fund Redemption Date (_____ 15 and _____ 15)	Principal Amount <u>To Be Redeemed</u>
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(maturity)

Series B Bonds Maturing on _____ 15, 20__

Sinking Fund Redemption Date (_____ 15 and _____ 15)	Principal Amount <u>To Be Redeemed</u>
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(maturity)

(iii) Series C Bonds. The Series C Bonds are subject to targeted mandatory sinking fund redemption by application of the targeted Sinking Fund Installments as provided herein on each _____ 15 and _____ 15, commencing on the respective dates set forth below at a Redemption Price equal to 100% of the Principal Amount of each Series C Bond or portion thereof to be redeemed, plus accrued interest to the date of redemption thereof, without premium, but only to the extent of Subordinate Residual Revenues available for such purpose, on the respective dates and in the targeted mandatory sinking fund amounts set forth in the following table:

Series C Bonds Maturing on _____ 15, 20__

Sinking Fund Redemption Date (_____ 15 and _____ 15)	Principal Amount <u>To Be Redeemed</u>
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(maturity)

(iv) Insufficient Subordinate Residual Revenues. In the event that the Subordinate Residual Revenues are not sufficient to pay the targeted mandatory sinking fund redemption amount set forth in Sections 4.1(a)(iii) above, any unpaid Series C Bonds targeted mandatory sinking fund redemption amount shall be deferred for payment on the following mandatory sinking fund payment date and interest shall continue to accrue at the stated rate of interest on such Series C Bonds on the amount so deferred until paid. Nonpayment of a Series C Bonds targeted mandatory sinking fund redemption amount due to insufficient Subordinate Residual Revenues shall not be an Event of Default under this Indenture.

(b) Optional Redemption.

(i) Series A Bonds. The Series A Bonds maturing on or after _____ 15, 20__ are subject to optional redemption at the option of the Authority at the request of the Borrower, prior to the stated maturities thereof as may be directed by the Authority, at the request of the Borrower, in whole or in part, on any date on or after _____ 15, 20__ at a Redemption Price equal to the principal amount of each Series A Bond or portion thereof to be redeemed, subject to the availability of funds for such purpose on the redemption date, plus accrued interest thereon to the date fixed for redemption, without premium.

(ii) Series B Bonds. The Series B Bonds maturing on or after _____ 15, 20__ are subject to optional redemption at the option of the Authority at the request of the Borrower, prior to the stated maturities thereof as may be directed by the Authority, at the request of the Borrower, in whole or in part, on any date on or after _____ 15, 20__ at a Redemption Price equal to the principal amount of each Series B Bond or portion thereof to be redeemed, subject to the availability of funds for such purpose on the redemption date, plus accrued interest thereon to the date fixed for redemption, without premium.

(iii) Series C Bonds. The Series C Bonds are subject to optional redemption at the option of the Authority at the request of the Borrower, prior to the stated maturity thereof as may be directed by the Authority, at the request of the Borrower, in whole or in part, on any date, at a Redemption Price equal to the principal amount of each Series C Bond or portion thereof to be redeemed), subject to the availability of funds for such purpose on the redemption date, plus accrued interest thereon to the date fixed for redemption without premium.

(c) Mandatory Redemption of Bonds Based on the Occurrence of Certain Events.

(i) Special Redemption Generally. In accordance with and for the purpose of Section 7.9 hereof, the Bonds shall be subject to mandatory redemption, at the option of the Authority, at the request of the Borrower, prior to the stated maturities thereof on a

pro rata basis, in whole or in part at any time, on the earliest practicable date for which notice of redemption can be given as provided in Section 4.5 hereof at a Redemption Price equal to 100% of the Principal Amount of such Bonds or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium, in a Principal Amount having an aggregate Redemption Price equal to the amount of moneys which are deposited in or transferred to the Redemption Fund, (i) as to the Senior Bonds (x) from any Net Proceeds or any Prepayment made by the Borrower in order to fully retire the Loan in connection with a condemnation or casualty loss which results in Net Proceeds, and (y) from excess amounts in the Senior Bonds Debt Service Reserve Fund resulting from a reduction in the Senior Bonds Debt Service Reserve Fund Requirement after giving effect to any special redemption under this subsection (c); and (ii) as to the Series C Bonds, to the extent of any moneys in the Series C Bonds Redemption Fund constituting Subordinate Residual Net Proceeds or Subordinate Residual Prepayments. The Trustee shall apply any such amounts described above in accordance with applicable provisions hereof from time to time as directed by a certificate of a Borrower's Representative, with notice to the Authority; provided, however, that (i) such amount to be applied to such redemption shall be rounded to the next lower Authorized Denomination, and (ii) unless otherwise directed by a certificate of a Borrower's Representative, with notice to the Authority, no such redemption of Senior Bonds shall be effected unless the total amount to be applied to redeem Senior Bonds on such date shall be at least \$25,000. Bonds to be redeemed pursuant to this Section 4.1 shall be redeemed or purchased in accordance with Section 7.8 hereof.

(ii) Selection of Bonds to be Redeemed. The Bonds to be redeemed in accordance with this subsection (c) shall be selected by the Borrower, with notice to the Authority and the Trustee pursuant to a certificate of a Borrower's Representative, with a copy to the Authority and the Trustee, in accordance with applicable provisions of the Indenture, including subsection (iii) of Section 4.1(c).

(iii) Mandatory Application of Certain Amounts in Redemption Fund to Redemption of Bonds. In accordance with and for purposes of subsection (ii) of this Section 4.1(c), if and to the extent that Senior Bonds are redeemed pursuant to subsection (c)(i) hereof, the Senior Bonds to be redeemed shall be selected from all maturities, including Sinking Fund Installments on the Series A Term Bonds, on a pro rata basis.

(d) Deemed Redemption of Series C Bonds. The Series C Bonds are subject to deemed mandatory redemption upon the occurrence of a Senior Bonds Event of Default resulting in a foreclosure or other sale of the Project pursuant to the Deed of Trust and application of such proceeds and other moneys under this Indenture as provided in Section 11.2 hereof, such deemed redemption to be in the amount of any principal of and interest remaining unpaid on the Series C Bonds following such foreclosure or other sale of the Project pursuant to the Deed of Trust. In either such event, Series C Bonds remaining unpaid shall be surrendered to the Trustee for cancellation without any further payment being made on such Series C Bonds. Notice of such deemed redemption of the Series C Bonds shall be promptly sent by the Trustee to the Owners of Outstanding Series C Bonds upon the occurrence of the deemed redemption of Series C Bonds pursuant to this Section 4.1(d). By purchase and acceptance of the Series C Bonds, the Owners thereof consent to the provisions of this Section 4.1(d).

Section 4.2 Redemption at the Election or Direction of the Authority. In the case of any redemption of Bonds other than as provided in Section 4.3, the Authority, at the request of the Borrower, shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Principal Amounts of the Bonds of each maturity and series to be redeemed (which maturities, Principal Amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, at the request of the Borrower, subject to any limitation with respect thereto contained in this Indenture) and of the moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least forty-five (45) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in Section 4.5, such redemption shall be effective only if, on the date of redemption, the Trustee shall hold an amount in immediately available funds which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the Bonds to be redeemed and to pay the accrued interest on such Bonds to the redemption date.

Section 4.3 Redemption Other Than at the Authority's or Borrower's Election or Direction. Whenever by the terms of this Indenture the Trustee is required to redeem Bonds other than at the election or direction of the Authority or the Borrower, the Trustee shall select the Bonds to be redeemed and give the notice of such redemption in accordance with the terms of this Article 4.

Section 4.4 Selection of Bonds to be Redeemed.

(a) Senior Bonds. Except as may be otherwise provided in this Indenture, in the event of redemption of less than all of the Outstanding Senior Bonds of a like maturity, the Trustee shall assign to each such Outstanding registered Senior Bond of the maturity to be redeemed a distinctive number for each \$5,000 of the Principal Amount of such Senior Bond and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Senior Bonds as many numbers as, at \$5,000 for each number, shall equal the Principal Amount of such Senior Bonds to be redeemed. The Senior Bonds to be redeemed shall be the Senior Bonds to which were assigned numbers so selected; provided, however, that only so much of the Principal Amount of each such registered Senior Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. For purposes of this Section, Senior Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

(b) Series C Bonds. In the event of redemption of less than all of the Outstanding Series C Bonds, Outstanding Series C Bonds shall be redeemed pro rata among all such Outstanding Series C Bonds; provided that following any redemption, the outstanding principal amount of any Series C Bonds shall be an integral multiple of \$5,000. For purposes of this Section, Series C Bonds, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 4.5 Notice of Redemption. When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 4.2, and when redemption of Bonds is required pursuant to Section 4.3, the Trustee shall give notice, which notice shall specify the series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable, whether such redemption is

conditioned upon the availability of funds for such purpose on the redemption date (in the case of redemption pursuant to Section 4.1(b) and 4.1(c)(i)) and, if less than all of the Bonds of any maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the Principal Amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the Principal Amount thereof in the case of Bonds to be redeemed in part only, together with interest accrued on such Bonds to the redemption date, and that from and after such date interest on such Bonds shall cease to accrue and be payable; provided that, if the redemption is conditioned upon funds being available therefor no later than the opening of business on the Business Day prior to the redemption date, the notice shall so state. The Trustee shall mail a copy of such notice, by first class mail, postage prepaid, not less than thirty (30) days nor more than forty-five (45) days before the redemption date, to the Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration book. Failure to give such notice with respect to any Bonds, or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bonds.

Section 4.6 Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 4.5 (and if said notice shall have been conditioned on the availability of funds on the redemption date, then to the extent such funds are so available), the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid on such Bonds to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the Owner, a written instrument of transfer duly executed by the Owner or his attorney duly authorized in writing, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid on such Bonds to the redemption date. If there shall be called for redemption less than all of a registered Bond, the Authority shall execute and deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the Principal Amount of the registered Bond so surrendered, registered Bonds of like maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee and Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate they would have borne had they not been called for redemption.

Section 4.7 Redeemed Bonds as Satisfaction of Sinking Fund Installments. Upon any purchase or redemption of Term Bonds (other than by application of Sinking Fund Installments) an amount equal to the applicable Redemption Prices thereof (as specified below) shall be credited towards a part or all of any one or more of such Sinking Fund Installments, as directed by a certificate of a Borrower Representative, with a copy to the Authority or, failing such direction by September 1 of each year, toward such Sinking Fund Installments pro rata. Such applicable Redemption Prices shall be the respective Redemption Prices which would be

applicable upon the redemption of such Bonds from the respective Sinking Fund Installments on the due dates thereof. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of Principal Installments due on a future date.

Section 4.8 Purchase of Bonds. In lieu of redemption of Bonds of a series as provided in the Indenture, amounts held by the Trustee for such redemption will, at the written request of the Borrower set forth in a certificate of a Borrower Representative, with a copy to the Authority, received by the Trustee prior to the selection of Bonds of such series for redemption, be applied by the Trustee to the purchase of Bonds of such series at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the Borrower may in its discretion direct, but not to exceed the redemption price which would be payable if such Bonds of such series were redeemed. The aggregate principal amount of Bonds of such series of the same maturity purchased in lieu of redemption may not exceed the aggregate principal amount of Bonds of such series of such maturity which would otherwise be subject to such redemption.

ARTICLE V. PLEDGES; ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATIONS THEREOF

Section 5.1 Pledges.

(a) With respect to the Senior Bonds, (i) the Pledged Revenues and (ii) all the rights, title and interest of the Authority in and to the Loan, the Loan Agreement and the Deed of Trust, the proceeds and collections of the Authority therefrom and all Funds and Accounts created or established by or maintained pursuant to this Indenture for the benefit of the Senior Bonds and any other property pledged to the payment of any Senior Bonds in the granting clauses hereof, are hereby pledged to the payment of the principal, Redemption Price, if any, and interest on the Senior Bonds in accordance with the terms and provisions of this Indenture, and the Trustee is hereby granted a security interest therein, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.

(b) With respect to the Series C Bonds, without preference, priority or distinction as to the series of the Series C Bonds, in accordance with the further terms and provisions of this Indenture, (i) Subordinate Residual Revenues, (ii) Subordinate Residual Net Proceeds and Subordinate Residual Prepayments, and (iii) on a basis expressly subordinate (both in terms of priority of payment and in terms of rights to exercise the remedies granted hereunder and under the Loan Agreement) to the Senior Bonds until all such Senior Bonds shall have been retired or such amounts have been provided to effect redemption of such Senior Bonds, all the rights and interests of the Authority in and to the Loan, the Loan Agreement and the Deed of Trust, the proceeds and collections of the Authority therefrom and all Funds and Accounts created or established by or maintained pursuant to this Indenture for the benefit of the Series C Bonds and any other property pledged to the payment of the Series C Bonds in the granting clauses hereof are hereby pledged to the payment of the principal of and interest on the Series C Bonds, and, as

further provided in the Indenture, to the payment of Redemption Price of the Series C Bonds, and the Trustee is hereby granted a security interest herein, subject only to the provisions of this Indenture and the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.

(c) Notwithstanding the foregoing Sections 5.1(a) and (b), there are hereby reserved to the Authority, and not in any way pledged to the Bondowners, the Authority's rights under Sections 6.6, 6.8 and 7.4 of the Loan Agreement.

(d) In the event that the Borrower acquires or has acquired additional assets not subject to the liens and pledges described in Sections 5.1(a) and (b) above ("Other Assets"), such Other Assets shall not be pledged to the payment of the Bonds. To the extent that Bondowners are deemed to have any interest in the Borrower's Other Assets, the Bondowners agree that their interest in those Other Assets is subordinate to the claims or rights of other lenders or creditors, as applicable. The provisions of this Section 5.1(d) constitute a subordination agreement as defined in the U.S. Bankruptcy Code.

Section 5.2 Project Fund. The Authority hereby establishes and creates a special trust fund designated as the Independent Cities Finance Authority Vista de Santa Barbara Mobilehome Park Project Fund (the "Project Fund"), which shall be held by the Trustee. Except as set forth below in this Section, amounts in the Project Fund shall be expended and applied only for making the Loan. On the Closing Date, the Trustee shall pay out moneys in the Project Fund for the purpose of making the Loan, upon receipt by the Trustee of a written direction of the Authority signed by an Authorized Officer.

Upon receipt of such written direction, the Trustee shall make the payments as directed by such direction from the Project Fund, including: an amount equal to \$_____ directly to the title company named in such written direction, to be applied to a portion of the purchase price of the Project and other escrow payments (which amount has been deposited by the Underwriter of the Senior Bonds directly with said title company).

Section 5.3 Establishment of Other Funds.

(a) The Authority hereby establishes and creates with the Trustee a series of special trust funds to be held as hereinafter set forth in this Article V and designated as follows:

- (1) Revenue Fund (and within such Fund, the Bond Proceeds Account therein);
- (2) Senior Bonds Debt Service Fund;
- (3) Senior Bonds Debt Service Reserve Fund;
- (4) Senior Bonds Redemption Fund;
- (5) Rebate Fund;

(6) Administration Fund with the General Account, and Borrower Administration Fee Account therein;

(7) Repair and Replacement Fund (and within such Fund, the Restricted Account and the Unrestricted Account);

(8) Cost of Issuance Fund;

(9) Series C Bonds Debt Service Fund;

(10) Series C Bonds Redemption Fund;

(11) Surplus Fund; and

(12) Rental Assistance Fund.

Section 5.4 Deposit of Bond Proceeds and Other Moneys.

(a) Series A Bonds. The proceeds of the sale of the Series A Bonds in the amount of \$_____ (representing \$_____ in aggregate principal amount, less original issue discount of \$_____, less an Underwriter's discount of \$_____) shall be deposited with the Trustee on the Closing Date and credited to the Project Fund. The proceeds of the Series A Bonds on deposit in the Project Fund shall be disbursed in accordance with the provisions of Section 5.2 hereof and the terms of the Loan Agreement as follows:

(1) to the Restricted Account of the Repair and Replacement Fund, \$_____;

(2) to the Senior Bonds Debt Service Reserve Fund, \$_____;

(3) to the Rental Assistance Fund, \$_____;

(4) to the Cost of Issuance Fund, \$_____; and

(5) to the Project Fund, \$_____ until disbursed in accordance with Section 5.2 hereof and the Loan Agreement (being deposited by the Underwriter for the Series A Bonds directly with the title company).

(b) Series B Bonds. The proceeds of the sale of the Series B Bonds in the amount of \$_____ (representing \$_____ in aggregate principal amount, less original issue discount of \$_____, less an Underwriter's discount of \$_____) shall be deposited with the Trustee on the Closing Date and credited to the Project Fund. The proceeds of the Series B Bonds on deposit in the Project Fund shall be disbursed in accordance with the provisions hereof and the terms of the Loan Agreement as follows:

(1) to the Unrestricted Account of the Repair and Replacement Fund, \$_____;

(2) to the Rental Assistance Fund, \$_____;

- (3) to the Senior Bonds Debt Service Reserve Fund, \$ _____;
- (4) to the Cost of Issuance Fund, \$ _____; and
- (5) to the Project Fund, \$ _____ until disbursed in accordance with Section 5.2 hereof and the Loan Agreement.

(c) Series C Bonds. The Series C Bonds shall be transferred to, and registered in the name of the Seller, as consideration for a portion of the purchase price of the Project, as set forth in instructions of the Authority.

Section 5.5 Cost of Issuance Fund. Moneys in the Cost of Issuance Fund shall be applied to the payment of Costs of Issuance, upon receipt of an Officer's Certificate stating the person to whom and the purpose for which each payment is to be made, and the amount of such payment. Upon receipt of an Officer's Certificate stating that the Costs of Issuance have been fully paid and in any event within six months of the Closing Date, the Trustee shall transfer any remaining balance to the Project Fund or to the Revenue Fund, as directed by such Officer's Certificate, and such Fund shall be closed.

Section 5.6 Deposits. By its execution of the Loan Agreement, the Authority has caused the Borrower to collect and deposit or cause to be collected and deposited with the Trustee, on the date of receipt so far as practicable, all Net Operating Revenues, and to forward promptly to the Trustee statements of each amount deposited. The Trustee shall notify the Authority and the Oversight Agent in the event that Net Operating Revenues have not been deposited by the thirteenth (13th) day of each month. The Trustee shall be accountable only for moneys actually so deposited or held. All Net Operating Revenues shall be deposited for credit to the Revenue Fund to be held by the Trustee. All Prepayments and Net Proceeds with respect to the Loan shall be separately identified by the Borrower to the Trustee, shall be deposited, first in the Senior Bonds Redemption Fund for the benefit of the Owners of Senior Bonds, and then, to the extent permitted to be applied as Subordinate Residual Net Proceeds or Subordinate Residual Prepayments pursuant to Section 5.15, shall be deposited in the Series C Bonds Redemption Fund for the benefit of the Holders of the Series C Bonds.

Section 5.7 Revenue Fund. The Revenue Fund shall be held by the Trustee for the benefit of the Senior Bonds, except to the extent of the application of Subordinate Residual Revenues for the benefit of the Series C Bonds pursuant to paragraph (e) below.

All interest and other income from time to time received from the deposit of moneys in the Revenue Fund shall be retained in such fund and applied pursuant to this Section 5.7. On or before the third Business Day preceding the 15th day of each month, the Trustee shall provide a written notice or electronic notice to the Authority and the Oversight Agent of the amount deposited in the Revenue Fund. On the Business Day preceding the fifteenth day of each month (except as otherwise set forth below), the Trustee shall withdraw from the Revenue Fund and transfer to the following funds the amounts indicated in the following tabulation, in the following order of priority, or so much thereof as remains after first making all prior transfers:

- (a) into the Senior Bonds Debt Service Fund, an amount equal to one-sixth of the interest due on the Senior Bonds on the next Interest Payment Date, an amount equal to one-sixth

of the principal coming due on the Senior Bonds on the next Principal Payment Date, an amount equal to one-sixth of the mandatory sinking fund payment due on the Senior Bonds on the next Principal Payment Date and an amount due on the next redemption date on the Senior Bonds to be redeemed (other than pursuant to mandatory sinking fund redemption), provided that such payments may be net of accrued interest on investments of funds held under this Indenture;

(b) into the Senior Bonds Debt Service Reserve Fund, the amount, if any, needed to increase the balance therein to the Senior Bonds Debt Service Reserve Fund Requirement;

(c) into the Rebate Fund, the amount, if any, required to be deposited therein pursuant to Section 5.13 hereof;

(d) commencing August 15, 2013, into the General Account of the Administration Fund, (i) the amount, if any, necessary to pay or provide for one-twelfth of the Trustee Fee, including expenses in connection with the purchase or redemption of any Bonds, all as provided and contemplated in the annual budget filed by the Borrower pursuant to the Loan Agreement and specified by the Borrower in writing to the Trustee, (ii) an amount equal to one-twelfth of the Oversight Agent Fee, and (iii) an amount equal to one-twelfth of the other Fees and Charges, if any, all as provided and contemplated in the annual budget filed by the Borrower pursuant to the Loan Agreement and specified by the Borrower in writing to the Trustee (any fees and expenses of the Fiduciaries above and beyond the amount contemplated in the annual budget filed by the Borrower pursuant to the Loan Agreement shall be paid from the Surplus Fund);

(e) into the Series C Bonds Debt Service Fund, an amount equal to one-sixth of the interest due on the Series C Bonds on the next Interest Payment Date, an amount equal to one-sixth of the principal payment due, if any, on the Series C Bonds on the next Principal Payment Date, an amount equal to one-sixth of the targeted mandatory sinking fund payment due, if any, on the Series C Bonds on the next Principal Payment Date and an amount due, if any, on the next redemption date on the Series C Bonds to be redeemed (other than pursuant to mandatory sinking fund redemption);

(f) commencing August 15, 2013, into the General Account of the Administration Fund, an amount equal to one-twelfth of the Authority Annual Fee;

(g) into the Borrower Administration Fee Account of the Administration Fund an amount equal to the Borrower Administration Fee as such amount is set forth in writing from the Borrower to the Trustee, which Borrower Administration Fee is authorized hereunder, plus any amounts for previous periods not paid to the Borrower. Any such amounts so deposited to be paid to Millennium Housing Corporation, the sole member of the Borrower, on the last day of each month;

(h) annually, into the Unrestricted Account of the Repair and Replacement Fund, the amount, if any, necessary to bring the aggregate amount on deposit in the Repair and Replacement Fund (including the Restricted Account therein) to \$150,000; and

(i) only on the 60th day following the end of a Bond Year, after making all of the foregoing transfers, into the Surplus Fund, the amount, if any, remaining in the Revenue Fund from the preceding Bond Year.

Notwithstanding the foregoing, so long as the Borrower has monthly Net Operating Revenues that are at least equal to said month's portion of items (a) through (f) of this Section 5.7, then the Borrower may retain from Net Operating Revenues for such month the Borrower Administration Fee for such month and shall notify the Trustee in writing of the amount so retained to be paid by the Borrower to Millennium Housing Corporation, the sole member of the Borrower.

Section 5.8 Senior Bonds Debt Service Fund.

(a) The Senior Bonds Debt Service Fund shall be held by the Trustee for the benefit of the Senior Bonds. The Trustee shall withdraw from the Senior Bonds Debt Service Fund, on or prior to each Interest Payment Date, an amount equal to the unpaid interest due on the Senior Bonds on that date and shall cause it to be applied to the payment of such interest when due.

(b) If the withdrawals required under subsection (a) of this Section on the same and every prior Interest Payment Date have been made, the Trustee shall withdraw from the Senior Bonds Debt Service Fund, on or prior to each Principal Payment Date, an amount equal to the Principal Amount of the Outstanding Senior Bonds, if any, maturing on that date and shall cause it to be applied to the payment of the principal of the Senior Bonds when due.

(c) Each withdrawal from the Senior Bonds Debt Service Fund under subsections (a) and (b) of this Section shall be made on or immediately prior to the Interest Payment Date or Principal Payment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Senior Bonds Debt Service Fund until such Interest Payment Date or Principal Payment Date. In the event that amounts on deposit in the Senior Bonds Debt Service Fund are insufficient to make the transfers under subsections (a) and (b) when required thereunder, the Trustee shall transfer to the Senior Bonds Debt Service Fund the amount of such insufficiency first, from the Series C Bonds Debt Service Fund pursuant to Section 5.14 hereof and then from the Senior Bonds Debt Service Reserve Fund.

(d) The Trustee shall apply money in the Senior Bonds Debt Service Fund to the purchase or the redemption of the Series A Term Bonds in the manner provided in this Section and Article IV, provided that no such Senior Bonds shall be so purchased in lieu of redemption during the period of 45 days next preceding each Sinking Fund Installment due date established for such Series A Term Bonds. The price paid by the Trustee (including any brokerage and other charges) for any Series A Term Bond purchased pursuant to this subsection (d) shall not exceed the Redemption Price applicable on the next date on which such Series A Term Bond could be redeemed in accordance with its terms as part of a Sinking Fund Installment. Subject to the limitations set forth and referred to in this Section, the Trustee shall purchase Series A Term Bonds at such times, for such prices, in such manner (whether after advertisement for tenders or otherwise) as the Trustee shall be directed by a certificate of a Borrower Representative, with a copy to the Authority, and as may be possible with the amount of money available in the Senior Bonds Debt Service Fund therefor.

(e) As soon as practicable after the 45th day but not later than the 30th day prior to the due date of any Sinking Fund Installment, the Trustee shall proceed pursuant to Section 4.3 to call for redemption on that date a Principal Amount of Series A Term Bonds subject to such

Sinking Fund Installment in such amount as shall be necessary to complete the retirement of the Principal Amount of the Series A Term Bonds of such maturity specified for such Sinking Fund Installment. The Trustee shall withdraw from the Senior Bonds Debt Service Fund, on or prior to the due date of the next Sinking Fund Installment, an amount equal to the Principal Amount of the Series A Term Bonds called for redemption on such date pursuant to this subsection; and shall cause it to be applied to the payment of the Redemption Price thereof on such date.

If, by application of moneys in the Senior Bonds Debt Service Fund, the Trustee shall purchase in any Bond Year Series A Term Bonds subject to redemption from moneys in the Senior Bonds Debt Service Fund in excess of the aggregate Sinking Fund Installment in respect of such Series A Term Bonds for such Bond Year, the Trustee shall file with the Authority and the Borrower not later than the 20th day preceding the close of such Bond Year, a statement identifying such Series A Term Bonds purchased and called for redemption during such Bond Year. The Borrower shall thereafter cause a certificate of a Borrower Representative, with a copy to the Authority, to be filed with the Trustee not later than the 10th day preceding the close of such Bond Year setting forth with respect to the amount of such excess the years in which Sinking Fund Installments are to be reduced and the respective amounts by which such Sinking Fund Installments are to be reduced; provided that such reduction shall be as nearly as practicable allocated pro rata among remaining Sinking Fund Installments so as to be in increments of \$5,000.

Upon the retirement of any Series A Term Bonds by purchase or redemption pursuant to this Section, the Trustee shall file with the Authority and the Borrower a statement identifying such Bonds and setting forth the date of their purchase or redemption, the amount of the purchase price or the Redemption Price of such Series A Term Bonds and the amount paid as interest thereon.

(f) All interest and other income from time to time received from the deposit and investment of moneys in the Senior Bonds Debt Service Fund shall be transferred upon receipt to the Revenue Fund.

(g) No amount shall be withdrawn or transferred from or paid out of the Senior Bonds Debt Service Fund except as provided in this Section.

Section 5.9 Senior Bonds Debt Service Reserve Fund.

(a) The Senior Bonds Debt Service Reserve Fund shall be held by the Trustee for the benefit of the Senior Bonds. If available moneys in the Senior Bonds Debt Service Fund shall be insufficient to pay in full the interest on and principal of any Senior Bonds becoming due on any Interest Payment Date, Principal Payment Date or any date on which Senior Bonds have been called for redemption, the Trustee shall transfer an amount equal to the deficiency (following any withdrawal and transfer from the Series C Bonds Debt Service Fund pursuant to Section 5.14 hereof), from the Senior Bonds Debt Service Reserve Fund to the Senior Bonds Debt Service Fund for such purpose unless the Authority shall, by an Officer's Certificate delivered to the Trustee prior to the Interest Payment Date, designate one or more Funds or Accounts from which an amount equal to the deficiency in the Senior Bonds Debt Service Fund is required to be transferred to the Senior Bonds Debt Service Fund.

(b) All interest and other income from time to time received from the deposit and investment of moneys in the Senior Bonds Debt Service Reserve Fund shall be transferred upon receipt to the Revenue Fund.

(c) If, on or before an Interest Payment Date, the amount in the Senior Bonds Debt Service Reserve Fund exceeds the Senior Bonds Debt Service Reserve Fund Requirement, the Trustee shall withdraw the amount therein in excess of the Senior Bonds Debt Service Reserve Fund Requirement and transfer such amount to the Revenue Fund.

(d) Whenever the Authority shall receive a Prepayment or Net Proceeds and shall transfer the proceeds thereof to the Senior Bonds Redemption Fund, which in any such case would result in the reduction of the Senior Bonds Debt Service Reserve Fund Requirement upon application of the moneys so transferred to the purchase or redemption of Senior Bonds, the Trustee shall, immediately prior to and in connection with each such purchase or redemption, withdraw from the Senior Bonds Debt Service Reserve Fund and deposit in the Senior Bonds Redemption Fund an amount of moneys equal to the reduction of the Senior Bonds Debt Service Reserve Fund Requirement which would result upon the purchase or redemption of such Senior Bonds (including the purchase or redemption of such Senior Bonds utilizing the moneys being transferred from the Senior Bonds Debt Service Reserve Fund and deposited in the Senior Bonds Redemption Fund pursuant to the provisions of this paragraph), but only to the extent that any such withdrawal would not reduce the amount of the Senior Bonds Debt Service Reserve Fund below the Senior Bonds Debt Service Reserve Fund Requirement. The amount of moneys to be withdrawn from the Senior Bonds Debt Service Reserve Fund in each instance pursuant to the provisions of this paragraph shall be as determined by a certificate of a Borrower Representative filed with the Trustee, with a copy to the Authority.

Section 5.10 Senior Bonds Redemption Fund.

(a) The Senior Bonds Redemption Fund shall be held by the Trustee for the benefit of the Senior Bonds. The Trustee shall deposit into the Senior Bonds Redemption Fund any Prepayments or Net Proceeds pursuant to Section 5.6. Any moneys on deposit in the Senior Bonds Redemption Fund shall be used and applied, as soon as practicable following the receipt thereof, but not later than twelve months after such receipt, for either or both of the following purposes:

(1) to the redemption of Senior Bonds as may be designated in an Officer's Certificate; or

(2) to the purchase of Senior Bonds at the price specified by the Borrower, but only upon receipt of a certificate of a Borrower Representative, with a copy to the Authority, stating the Principal Amounts and maturities of the Senior Bonds to be purchased; provided that no such purchase shall be made at a price in excess of the Redemption Price applicable on the next ensuing redemption date, and that no such purchase shall be made during the period of 45 days next preceding a redemption date from moneys to be applied pursuant to paragraph (1) above to the redemption of Senior Bonds on such date.

(b) Accrued interest on purchased Senior Bonds shall be paid from the Senior Bonds Debt Service Fund.

(c) All interest and other income from time to time received from the deposit and investment of moneys in the Senior Bonds Redemption Fund shall be transferred upon receipt to the Revenue Fund.

(d) To the extent Prepayment or Net Proceeds remain after giving effect to the redemption or purchase of all Outstanding Senior Bonds pursuant to (a) above, such amounts shall be transferred to the Series C Bonds Redemption Fund for application thereunder.

(e) No amount shall be withdrawn or transferred from or paid out of the Senior Bonds Redemption Fund except as provided in this Section.

Section 5.11 Rebate Fund.

(a) The Rebate Fund shall be administered in accordance with the provision of Section 7.14 hereof. The Rebate Fund shall not be subject to the lien or encumbrance of this Indenture and shall be held in trust by the Trustee for the benefit of the United States of America. The amounts deposited in the Rebate Fund shall be subject to the claim of no other person, including that of the Trustee and Bondowners. Moneys transferred to the Rebate Fund pursuant to Section 7.14 hereof shall be used for no other purpose than to make payments to the United States Treasury, at the time and manner and in the amount and as more fully provided in Section 7.14 hereof.

(b) The Trustee shall be deemed conclusively to have complied with the provisions of this Indenture and the Tax Certificate with respect to Rebatable Arbitrage if it follows the directions of the Borrower, and the Trustee shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Borrower or the Authority with the Tax Certificate or the provisions of this Indenture and the Tax Certificate with respect to Rebatable Arbitrage.

Section 5.12 Administration Fund.

(a) The Trustee shall establish the Administration Fund and establish therein the General Account and the Borrower Administration Fee Account to be administered as provided in this Indenture. Moneys deposited in the Accounts of the Administration Fund pursuant to Section 5.7, shall be held therein in segregated Accounts until disbursed for the purposes hereafter provided.

(b) \$0 shall be deposited into the General Account of the Administration Fund on the Closing Date. Moneys deposited in the General Account of the Administration Fund shall be applied by the Trustee to the Authority Annual Fee (payable on a monthly basis to the Authority) and the Administration Fee and, from time to time as directed by a certificate of a Borrower Representative, with a copy to the Authority, to the payment of ordinary fees and expenses of Fiduciaries, including expenses of purchase or redemption of Bonds. Any fees and expenses of the Fiduciaries and amounts payable to the Authority above and beyond the amount

contemplated in the final annual budget prepared by the Borrower shall be paid from the Surplus Fund, or if the Surplus Fund is insufficient, shall be paid by the Borrower.

(c) Moneys deposited in the Borrower Administration Fee Account of the Administration Fund shall be applied by the Trustee, on a monthly basis, to the payment of the Borrower Administration Fee.

(d) All interest and other income from time to time received from the deposit and investment of moneys in the Accounts of the Administration Fund shall be transferred upon receipt to the Revenue Fund.

(e) No amount shall be withdrawn or transferred from or paid out of the Administration Fund except as provided in this Section 5.12.

Section 5.13 Repair and Replacement Fund. The Trustee shall establish and hold the Repair and Replacement Fund for the financial benefit of the Project and shall deposit into the accounts therein such amounts specified in Section 5.4 on the Closing Date and thereafter into the Unrestricted Account thereof the amounts specified in Section 5.7(h) hereof. Moneys deposited in the Repair and Replacement Fund shall be held therein segregated from other funds held by the Trustee until disbursed for the purposes hereafter provided. Expenditures from the Repair and Replacement Fund which are not included in the annual budget and Exhibit C of the Loan Agreement shall be subject to the Oversight Agent's approval. Disbursements from the Restricted Account of the Repair and Replacement Fund shall be made upon the written request of the Borrower and approved in writing by the Oversight Agent solely for the purpose of funding capital improvements to the Project, including certain of the items set forth in Exhibit C to the Loan Agreement, or to redeem Senior Bonds. Disbursements from the Unrestricted Account of the Repair and Replacement Fund shall be made upon the written request of the Borrower for the purpose of effecting the remaining items set forth in Exhibit C to the Loan Agreement or for any other purpose for the benefit of the Project in accordance with the annual budget filed by the Borrower pursuant to the Loan Agreement or for such other similar purposes which the Oversight Agent shall reasonably direct, including maintenance costs, replacement of machinery and appliances and including, if necessary, making payments for debt service on the Bonds. Moneys in the Unrestricted Account shall not be used to pay debt service on the Senior Bonds unless the Trustee shall have either (i)(A) had in its possession, for a period of at least ninety-one (91) days prior to the payment date, said amount, and (B) received a certificate of an Authorized Borrower Representative to the effect that the Borrower has neither commenced a voluntary case under Title 11 of the United States Code as from time to time in effect nor authorized by appropriate proceedings of its board of directors the commencement of such a voluntary case, or (ii) an opinion of nationally recognized bankruptcy counsel has been delivered to the Trustee prior to such payment to the effect that said amount is not subject to the provisions of Sections 262(a), 547 and 550 of the United States Bankruptcy Code ("Available Moneys"). Moneys in the Repair and Replacement Fund shall be disbursed upon the written request of the Borrower and the Oversight Agent in accordance with the provisions of Section 6.22 of the Loan Agreement. Interest earnings on moneys in the Repair and Replacement Fund will be deposited to the Revenue Fund. The Trustee shall also accept for deposit into the Unrestricted Account of the Repair and Replacement Fund, any other moneys delivered from time to time by the Borrower with directions for deposit to such account of the Repair and Replacement Fund.

Moneys in the Repair and Replacement Fund shall be expended in accordance with the written instruction of the Borrower which instructions shall comply with the terms of the Tax Certificate.

Section 5.14 Series C Bonds Debt Service Fund.

(1) Subject to subsection (8) of this Section 5.14, the Series C Bonds Debt Service Fund shall be held by the Trustee for the benefit of the Series C Bonds. The Trustee shall withdraw from the Series C Bonds Debt Service Fund, on or prior to each Interest Payment Date, an amount equal to the unpaid interest due on the Series C Bonds on that date and shall cause it to be applied to the payment of such interest when due.

(2) If the withdrawals required under subsection (1) of this Section on the same and every prior Interest Payment Date have been made, the Trustee shall withdraw from the Series C Bonds Debt Service Fund, on or prior to each Principal Payment Date, an amount equal to the Principal Amount of the Outstanding Series C Bonds, if any, maturing on that date and shall cause it to be applied to the payment of the principal of the Series C Bonds when due.

(3) Each withdrawal from the Series C Bonds Debt Service Fund under subsection (1) and (2) of this Section shall be made on or immediately prior to the Interest Payment Date or Principal Payment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Series C Bonds Debt Service Fund until such Interest Payment Date or Principal Payment Date.

(4) The Trustee shall apply money in the Series C Bonds Debt Service Fund to the purchase or the redemption of the Series C Bonds in the manner provided in this Section 5.14 and Article IV. The price paid by the Trustee (excluding accrued interest on Series C Bonds but including any brokerage and other charges) for any Series C Bonds purchased pursuant to this subsection (4) shall not exceed the Redemption Price applicable on the next date on which such Series C Bonds could be redeemed in accordance with its terms as part of a targeted Sinking Fund Installment. Subject to the limitations set forth and referred to in this Section, the Trustee shall purchase Series C Bonds at such times, for such prices, in such manner (whether after advertisement for tenders or otherwise) as the Trustee shall be directed by a certificate of a Borrower Representative, with a copy to the Authority, and as may be possible with the amount of money available in the Series C Bonds Debt Service Fund. Accrued interest on and principal of the Series C Bonds shall be paid from the Series C Bonds Debt Service Fund.

(5) As soon as practicable after the 45th day but no later than the 30th day prior to the due date of any targeted Sinking Fund Installment, if any, the Trustee shall proceed pursuant to Section 4.3 to call for redemption on that date a Principal Amount of Series C Bonds subject to such targeted Sinking Fund Installment in such amount as shall be necessary to complete the retirement of the Principal Amount of the Series C Bonds of such maturity specified for such targeted Sinking Fund Installment. The Trustee shall withdraw from the Series C Bonds Debt Service Fund, on or prior to the due date of the next targeted Sinking Fund Installment, an amount equal to the Principal Amount of the Series C Bonds called for redemption on such date pursuant to this subsection; and shall cause it and funds withdrawn from the Series B Debt Service Fund for the payment of the accrued interest thereon to be applied to the payment of the

Redemption Price thereof on such date. If on any date there shall be moneys on deposit in the Series C Bonds Debt Service Fund and no Series C Bonds subject to redemption therefrom shall then be Outstanding, such money shall be transferred to the Revenue Fund.

If, by application of moneys in the Series C Bonds Debt Service Fund, the Trustee shall purchase in any Bond Year Series C Bonds subject to redemption from moneys in the Series C Bonds Debt Service Fund in excess of the aggregate targeted Sinking Fund Installment, if any, in respect of such Series C Bonds for such Bond Year, the Trustee shall file with the Borrower and the Authority not later than the 20th day preceding the close of such Bond Year, a statement identifying such Series C Bonds purchased and called for redemption during such Bond Year. The Borrower shall thereafter cause a certificate of a Borrower Representative to be filed with the Trustee, with a copy to the Authority, not later than the 10th day preceding the close of such Bond Year setting forth with respect to the amount of such excess the years in which targeted Sinking Fund Installments are to be reduced and the respective amounts by which such targeted Sinking Fund Installments are to be reduced; provided that such reduction shall be as nearly as practicable allocated pro rata among remaining targeted Sinking Fund Installments so as to be in increments of \$5,000.

Upon retirement of any Series C Bonds by purchase or redemption pursuant to this Section, the Trustee shall file with the Authority and the Borrower a statement identifying such Series C Bonds and setting forth the date of their purchase or redemption, the amount of the purchase price or the Redemption Price of such Series C Bonds and the amount paid as interest thereon.

(6) All interest and other income from time to time received from the deposit and investment of moneys in the Series C Bonds Debt Service Fund shall be transferred to the Revenue Fund.

(7) All moneys in the Series C Bonds Debt Service Fund applied pursuant to this Section 5.14 shall be applied pro rata among the Series C Bonds, without distinction as to series, in the event there are insufficient moneys to pay in full any interest or principal on the Series C Bonds under this Indenture.

(8) Notwithstanding any other provisions of this Section 5.14 or this Indenture to the contrary, in the event that on the 15th day of any month there are insufficient moneys in the Revenue Fund to make the deposit to the Senior Bonds Debt Service Fund required to be made pursuant to Section 5.7(a) hereof, then the Trustee shall transfer an amount equal to any remaining shortfall from the Series C Bonds Debt Service Fund to the Senior Bonds Debt Service Fund.

Section 5.15 Series C Bonds Redemption Fund.

(a) The Series C Bonds Redemption Fund shall be held by the Trustee for the benefit of the Series C Bonds. The Trustee shall deposit into the Series C Bonds Redemption Fund any Subordinate Residual Prepayments or Subordinate Residual Net Proceeds pursuant to Section 5.6. Any moneys on deposit in the Series C Bonds Redemption Fund shall be used and applied,

as soon as practicable following the receipt thereof, but not later than twelve months after such receipt, for either or both of the following purposes:

(1) to the redemption of Series C Bonds as may be designated in a certificate of a Borrower Representative, with a copy to the Authority; or

(2) to the purchase of Series C Bonds at the price specified by the Borrower, but only upon receipt of a certificate of a Borrower Representative, with a copy to the Authority, stating the Principal Amounts of the Series C Bonds to be purchased; provided that no such purchase shall be made at a price in excess of the Redemption Price applicable on the next ensuing redemption date.

(b) Accrued interest on purchased Series C Bonds shall be paid from the Series C Bonds Debt Service Fund.

(c) All interest and other income from time to time received from the deposit and investment of moneys in the Series C Bonds Redemption Fund shall be transferred upon receipt to the Revenue Fund.

(d) To the extent Subordinate Residual Prepayments or Subordinate Residual Net Proceeds remain after giving effect to the redemption or purpose of all Outstanding Series C Bonds pursuant to (a) above, such amounts shall be transferred to the Revenue Fund for application thereunder.

(e) All moneys in the Series C Bonds Redemption Fund applied pursuant to this Section 5.15 shall be applied pro rata, without distinction as to series, among the Series C Bonds in the event there are insufficient moneys to pay in full any interest or principal then due on the Series C Bonds, under this Indenture.

Section 5.16 Surplus Fund.

(a) The Surplus Fund shall be held by the Trustee. The Trustee shall deposit into the Surplus Fund the amounts specified in Section 5.7(i) hereof. Annually, following computation and deposit of the Rebatable Arbitrage for the preceding Bond Year (if required for such Bond Year by Section 7.14 hereof) in the Rebate Fund in accordance with Section 7.14 hereof and provided there is no deficiency in the Senior Bonds Debt Service Fund, the Senior Bonds Debt Service Reserve Fund, the Rebate Fund, the Administration Fund, the Series C Bonds Debt Service Fund, or the Repair and Replacement Fund, any moneys in the Surplus Fund shall be released from the lien hereof, not less frequently than annually, upon delivery to the Trustee of the semi-annual Coverage Requirement Certificate and provided no Event of Default has been declared hereunder or pursuant to the Loan Agreement, the amounts on deposit in the Surplus Fund as of the conclusion of the immediately preceding Bond Year shall be transferred to the Borrower for use for any lawful purpose relating to the Project.

(b) If at any time there is a deficiency in the Senior Bonds Debt Service Fund, the Senior Bonds Debt Service Reserve Fund, the Rebate Fund, the Administration Fund, the Repair and Replacement Fund, the Series C Bonds Debt Service Fund, the Trustee shall withdraw from the Surplus Fund, to the extent there are any moneys therein and deposit in such Fund in the

order described in Section 5.7 hereof, the amount necessary to remedy such deficiency and shall give written notice to the Authority of such withdrawal.

(c) All interest and other income from time to time received from the deposit and investment of moneys in the Surplus Fund shall be transferred upon receipt to the Revenue Fund.

Section 5.17 Rental Assistance Fund. The Rental Assistance Fund shall be held by the Trustee. The Trustee shall deposit into the Rental Assistance Fund the amounts set forth in Section 5.4 of this Indenture and any additional amounts provided to the Trustee by the Borrower from time to time for deposit into such Fund. Moneys in the Rental Assistance Fund shall be expended and/or invested in accordance with the instruction of the Borrower. Notwithstanding anything to the contrary in this Indenture, funds deposited into the Rental Assistance Fund are not Pledged Revenues and are not pledged to the payment of the Bonds.

ARTICLE VI. SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 6.1 Security for Deposits. All moneys held hereunder by any Fiduciary shall be held in trust and continuously and fully secured for the benefit of the Authority and the Owners of the Bonds in the manner required by this Article; provided, however, that it shall not be necessary for any Fiduciary to give security for the deposit of any moneys with them held in trust for the payment of the principal or Redemption Price of or interest on the Bonds, or for the Fiduciaries to give security for any moneys which shall be represented by obligations purchased under the provisions of this Indenture as an investment of such moneys.

Section 6.2 Investment and Deposit of Funds.

(a) The Trustee shall keep all money held by it, as continuously as reasonably possible, invested and reinvested in Qualified Investments maturing at the times and in the amounts specified below for the Fund or Account to which it pertains, all as instructed in writing by a Borrower Representative. In determining the appropriate Qualified Investments, the Borrower Representative, with a copy to the Authority of any written directions given to the Trustee, shall review and comply with the following investment restrictions with respect to each Fund:

(1) for the Project Fund, at the times and in the amounts necessary to provide funds for the making or acquiring of the Loan and for the other purposes described in Section 5.2 pursuant to a certificate of a Borrower Representative, with a copy to the Authority;

(2) for the Revenue Fund, at the times and in the amounts necessary to provide funds for the disbursements therefrom pursuant to a certificate of a Borrower Representative, with a copy to the Authority;

(3) for the Senior Bonds Debt Service Fund and the Series C Bonds Debt Service Fund, at the times and in the amounts necessary to provide funds for payment when due of Interest and Principal Installments on the appropriate series of Bonds pursuant to a certificate of a Borrower Representative, with a copy to the Authority;

(4) for the Senior Bonds Redemption Fund and the Series C Bonds Redemption Fund, at the times and in the amounts necessary to provide funds for the purposes described in Section 5.10 and 5.15, respectively, pursuant to a certificate of a Borrower Representative, with a copy to the Authority;

(5) for the Senior Bonds Debt Service Reserve Fund, at the times and in the amounts necessary to provide funds for the disbursements therefrom pursuant to a certificate of a Borrower Representative, with a copy to the Authority, provided that such Qualified Investments shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the final scheduled maturity date of any Bonds Outstanding at the date of calculation;

(6) for the Rebate Fund, at the times and in the amounts necessary to provide funds for disbursements therefrom in accordance with the Indenture, pursuant to a certificate of a Borrower Representative, with a copy to the Authority;

(7) for the Administration Fund, at the times and in the amounts necessary to provide funds for the purposes described in Section 5.12 pursuant to a certificate of a Borrower Representative, with a copy to the Authority;

(8) for the Surplus Fund, at the times and in the amounts necessary to provide funds for the purposes described in Section 5.16, pursuant to a certificate of a Borrower Representative, with a copy to the Authority;

(9) for the Cost of Issuance Fund, at the times and in the manner specified in a certificate of a Borrower Representative, with a copy to the Authority; and

(10) for the Repair and Replacement Fund, at the times and in the manner specified in a certificate of a Borrower Representative, with a copy to the Authority.

In the event that written instructions of a Borrower Representative are not received by the Trustee in a timely manner, the Trustee shall invest the amounts deposited in the Funds and Accounts in those investments defined in clause (g) of the definition of "Qualified Investments." Except for Qualified Investments described in clauses (j), (k) and (l) of the definition of "Qualified Investments," all investments made by the Trustee shall provide for payment of principal and interest which will be payable no later than the earlier to occur of six (6) months from the date of investment or the date on which it is estimated that such moneys will be required by the Trustee.

(b) Moneys in any Fund or Account created and established by, or maintained pursuant to, this Indenture and held by a Fiduciary may be invested in common with moneys held in any other such Fund or Account; provided, however, that the common investments with such other moneys constitute Qualified Investments and provided, further, that such investments are held by the same Fiduciary acting in the same capacity.

(c) Obligations purchased as an investment of moneys in any Fund or Account held by a Fiduciary hereunder shall be deemed at all times to be a part of such Fund or Account and the income or interest earned by, or incremented to, any such Fund or Account due to the

investment and reinvestment thereof shall be retained in such Fund or Account as part thereof, except as otherwise provided in this Indenture and subject to the required transfer thereof from such Fund or Account pursuant to this Section. A Fiduciary shall sell in any commercially reasonable name, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made; provided, however, that in lieu of liquidating any such investment obligations and transferring the proceeds thereof, the Trustee may transfer investment obligations which will mature and the proceeds of which will be available on or before the date such proceeds are required for the purposes of this Indenture. The Authority and the Borrower acknowledge that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Authority or the Borrower the right to receive brokerage confirmations of security transactions, the Authority and the Borrower waive receipt of such confirmations. The Trustee shall furnish to the Authority and the Borrower periodic statements which include detail of all investment transactions made by the Trustee. Each Fiduciary shall advise the Authority and the Borrower in writing, on or before the fifteenth (15th) day of each calendar month, of the details of all investments held for the credit of each Account in its custody under the provisions of this Indenture as of the end of the preceding month. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of investments and purchase and sell investments through its investment department or that of its affiliates, each of which shall be entitled to its customary fee therefor.

(d) In computing the amount in any Fund or Account held by a Fiduciary or the Trustee under the provisions of this Indenture, the Trustee shall value (or cause to be valued at the Borrower's expense) obligations purchased as an investment of moneys therein as of the end of each month, calculated as follows: (a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times), the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (c) as to certificates of deposit and bankers acceptances, the face amount thereof, plus accrued interest; and (d) as to any investment not specified above, the value thereof established by prior agreement among the Borrower and Trustee. As an alternative to any of the foregoing, the value of any investment may be determined as of the end of each month by the manner currently employed by the Trustee or any other manner consistent with industry standard, including, without limitation, use of any computer pricing service selected by the Trustee. Notwithstanding the foregoing, the Trustee shall determine the value of the Senior Bonds Debt Service Reserve Fund investments no less frequently than semiannually (and monthly from the date of any deficiency until such deficiency is cured).

Section 6.3 Liability of the Fiduciaries for Investments. No Fiduciary shall be liable or responsible for making or failing to make any investment authorized by the provisions of this Article, in the manner provided in this Article, or for any loss resulting from any such investment so made or failure to so make, except for its own negligence. The Trustee may deem

investments directed by a Borrower Representative as Qualified Investments without independent investigation thereof.

ARTICLE VII. COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Owners of the Bonds as follows:

Section 7.1 Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid, but solely from the Senior Bonds Trust Estate, as to the Senior Bonds, and from the Series C Bonds Trust Estate, as to the Series C Bonds, the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof.

Section 7.2 Offices for Payment and Registration of Bonds. The Authority may designate an additional Paying Agent located within or without the State where Bonds may be presented for payment.

Section 7.3 Further Assurances. At any and all times the Authority shall, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolution, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and effecting all and singular the proceeds, moneys, rights, interests and collections hereby pledged or assigned or intended so to be, or which the Authority may hereafter become bound to pledge or assign.

Section 7.4 Power to Issue Bonds and Make Pledges. The Authority is duly authorized pursuant to law to authorize and issue the Bonds and to adopt this Indenture and to pledge the Senior Bonds Trust Estate and the Series C Bonds Trust Estate in the manner and to the extent provided in this Indenture. The Senior Bonds Trust Estate and the Series C Bonds Trust Estate are and will remain free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by Section 5.1 hereof. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of this Indenture. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Senior Bonds Trust Estate and the Series C Bonds Trust Estate, and all the rights of the Bondowners under this Indenture against all claims and demands of all persons whomsoever.

Section 7.5 Use of Proceeds.

(a) The Authority shall use and apply the proceeds of Bonds, to the extent not otherwise required by this Indenture to make the Loan for the purposes specified in the Act and pursuant to this Indenture, and shall do all such acts and things necessary to receive and collect when due all Revenues, and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority for the enforcement of all terms, covenants and conditions of the Loan.

(b) The Loan shall be made by the Authority from the proceeds of the Bonds concurrently with the issuance of the Bonds and the Deed of Trust securing the Loan shall have

been executed and recorded either concurrently or prior to the issuance and delivery of the Bonds; provided that:

(1) the Deed of Trust shall constitute and create a mortgage lien on the Project subject only to Permitted Encumbrances, which further provides a valid security interest in the personal property acquired with proceeds of the Loan and attached to or used or to be used in connection with the operation of the Project, and in all rents, revenues, receipts, income and other moneys received by or payable to the Borrower; and

(2) the Borrower shall have marketable title in fee simple to the Property, free and clear of all liens and encumbrances, other than Permitted Encumbrances, which would materially affect the value or usefulness of such Property, as set forth in the policy of title insurance delivered in connection therewith and in a form which is satisfactory to the Authority.

Section 7.6 Fees and Charges. The Authority shall review and approve such Fees and Charges as it shall deem appropriate to pay each Fiduciary acting in connection with this Indenture and the Bonds. Subject to prior review by the Authority or its Oversight Agent on the Authority's behalf, the Borrower shall provide the Trustee with a schedule of the Fees and Charges to be paid by the Borrower and of each revision of such schedule, and shall require the Borrower to make payment of such Fees and Charges directly to the Trustee. The Trustee shall promptly deposit all such Fees and Charges so collected in the Administration Fund. The Trustee shall promptly advise the Authority of each and every failure of the Borrower to make payment of Fees and Charges when due.

Section 7.7 Modification of Deed of Trust Terms. The Authority shall not consent to the modification of, or modify, the rate or rates of interest of, or the amount or time of payment of any installment of principal of or interest on the Loan on the Project, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms or provisions of the Loan on the Project or the Deed of Trust securing the same in a manner detrimental to the Trustee or the Bondowners.

Section 7.8 Prepayments. The Authority shall not accept, nor permit the Trustee to accept a Prepayment from the Borrower, unless a Coverage Requirement Certificate is provided to the Trustee which, in addition to containing the requirements of Section 6.16 of the Loan Agreement also shows that the proceeds of such prepayment received by the Authority shall be in an amount not less than the aggregate of (i) the amount to be prepaid; (ii) any interest and Fees and Charges on the Loan accrued through the date of receipt of the proceeds of the Prepayment remaining unpaid; (iii) to the extent not otherwise paid by the Borrower, the interest that would accrue on the Bonds of such maturity or maturities as are to be designated by the Authority pursuant to subparagraph (a) or (b) of Section 7.9 to be purchased or redeemed with the proceeds of such sale or Prepayment from the date of receipt thereof by the Authority until the applicable optional redemption date of the Bonds so to be purchased or redeemed; (iv) the redemption premium payable on the next applicable optional redemption date on the Bonds so to be purchased or redeemed, if any; and (v) the costs and expenses of the Authority in effecting the purchase or redemption of such Bonds, less the sum of (A) the amount of applicable moneys available for withdrawal from the Senior Bonds Debt Service Reserve Fund and the Senior Bonds Debt Service Fund with respect to the application to the purchase or redemption of the Senior Bonds

in accordance with the terms and provisions of this Indenture, as determined by the Authority, and (B) the amount of any other legally available funds of the Authority transferred or directed by the Authority to be transferred to the Senior Bonds Redemption Fund or the Series C Bonds Redemption Fund, as may be appropriate, in connection with such purchase or redemption. If a prepayment is thus accepted, the Trustee shall notify S&P, if S&P is then rating the Senior Bonds, of the date and the amount of such Prepayment.

Section 7.9 Disposition of Net Proceeds and Prepayments.

(a) *Net Proceeds.* Net Proceeds constituting proceeds of a condemnation award, sale of land, or casualty insurance claim with respect to the Project shall be deposited in a special restoration account to be established and held by the Trustee for the Project and the Trustee upon receipt of Net Proceeds shall give written notice to the Authority of such event. Such amounts shall either be applied to the redemption of Bonds or the repair, replacement, restoration or rebuilding of the Project or part thereof as determined in accordance with this Section. Prior to the receipt of Net Proceeds by the Trustee, the Trustee shall first receive a written direction from the Borrower as to whether such proceeds shall be used to redeem the Bonds or to rebuild the Project as set forth in Section 5.4 of the Loan Agreement. Upon receipt of such written direction from the Borrower that such Net Proceeds will be used to redeem the Bonds, the Trustee shall notify the Authority and the Borrower shall cause the Net Proceeds to be paid to the Trustee no more than 30 days from the date that such Net Proceeds will be used to redeem the Bonds.

(b) *Repair or Replacement.* Amounts in the special restoration account described in (a) above shall be applied to the repair, replacement, restoration or rebuilding of the Project if the Borrower shall deliver or cause to be delivered to the Trustee within ninety (90) days or such longer period as approved by the Authority of the event giving rise to the Net Proceeds written notice of its determination that such proceeds may be applied to the repair, replacement, restoration or rebuilding of the Project or part thereof in an economical manner, and that such proceeds shall be sufficient, together with any other moneys deposited into such special restoration account for such purpose together with (1) evidence of the Authority's written consent thereto, and (2) a report of a management consultant to the effect that following such repair or restoration, the tests set forth in Section 6.16 of the Loan Agreement with respect to coverage levels in the Coverage Requirement Certificate will be met. Upon compliance with these conditions, the Trustee shall disburse the moneys so deposited for such repair, replacement, restoration or rebuilding, but not in an aggregate amount exceeding the cost thereof, upon receipt of a certificate of a Borrower Representative approved by the Oversight Agent, with copies to the Authority stating (i) the amount to be paid, (ii) the name of the person to which payment is to be made, and (iii) that such amount, together with all prior payments from such account, do not exceed the cost of such repair, replacement, restoration or rebuilding; provided that prior to making any such payments, the Trustee shall first have received a certificate of a Borrower Representative approved by the Oversight Agent with copies to the Authority stating (i) the estimated cost of such repair, replacement, restoration or rebuilding, (ii) that such repair, replacement, restoration or rebuilding is, in the signer's opinion, economically practicable with the proceeds of such condemnation award, sale of land or hazard insurance claim, and other moneys, if any, deposited in such account, and (iii) that the plans and specifications, if any, prepared for such repair, replacement, restoration and rebuilding have been approved by the Authority. All disbursements made by the Trustee pursuant to such Borrower's Certificates shall

be presumed to be made properly, and the Trustee shall not be required to see to the application of any payments so made or inquire into the purposes for which such disbursements are made.

(c) *Redemption.* Any amounts remaining in a special restoration account and not required for the repair, replacement, restoration or rebuilding of the Project for which such special restoration account was established, all other Net Proceeds and Prepayments, less the cost and expenses of the Authority incurred in collecting the same and in effecting the purchase or redemption of the Bonds to be purchased or redeemed, shall be deposited in the Senior Bonds Redemption Fund or the Series C Bonds Redemption Fund, as appropriate, as specified in writing to the Trustee by the Authority and shall be applied to the purchase, payment, retirement or redemption of Bonds in accordance with the provisions of this Indenture, provided, however, that any portion of such Net Proceeds or Prepayment which represents due and unpaid principal of, or interest on, or Fees and Charges with respect to, the Loan in each case as determined by the Authority in an Officer's Certificate delivered to the Trustee, shall be deposited in the Revenue Fund in such amount, if any, as shall be set forth in such Certificate.

Section 7.10 Enforcement and Foreclosure of Deed of Trust.

(a) The Authority shall cooperate with the Trustee in connection with the enforcement, and take all reasonable action necessary for the enforcement of all terms, covenants and conditions of the Deed of Trust securing the Loan, including the prompt payment of Revenues.

(b) Whenever it shall be necessary in order to protect and enforce the rights of the Authority under the Deed of Trust securing the Loan and to protect and enforce the rights and interest of Bondowners under this Indenture, the Trustee shall commence foreclosure proceedings or pursue other appropriate remedies against the Borrower in default under the provisions of the Deed of Trust and, in protection and enforcement of its rights under the Deed of Trust, may bid for and purchase the Project at any foreclosure or other sale thereof and pursuant thereto or otherwise acquire and take possession of such Project.

(c) The Authority (and the Trustee, if acting in enforcing the Deed of Trust) shall be entitled to payment of all of its costs incurred in connection with enforcement of the Deed of Trust, including, but not limited to, legal fees and expenses, from Revenues prior to the use of Revenues for any other purpose under this Indenture.

(d) The covenant set forth in this Section 7.10 shall be for the benefit of the Senior Bonds so long as any Senior Bonds remain Outstanding. After the Senior Bonds have been paid in full, the covenant set forth in this Section 7.10 shall then benefit the Series C Bonds. The Trustee and all owners of Series C Bonds shall be deemed to have expressly accepted this limitation with respect to being beneficiaries under the Deed of Trust as set forth in this Section 7.10(d) and the interests of the Series C Bonds Owners therein have been expressly subordinated to the rights of the Senior Bonds, all as further described in Section 5.1(b) hereof.

(e) It is expressly understood and acknowledged that, since the Note and Deed of Trust (while in the Authority's name as beneficiary) is assigned to the Trustee under this Indenture, it is not intended that the Authority have any responsibility for foreclosure

proceedings. Rather, foreclosure proceedings will be conducted by the Trustee. Any and all liability of the Authority under this Indenture, including any actions (or inaction) under this Section 7.10, is expressly subject to the provisions of Section 14.3 of this Indenture.

Section 7.11 Accounts and Reports.

(a) The Trustee shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions and all Funds and Accounts established by or maintained pursuant to this Indenture, which shall at all times during normal business hours and upon reasonable notice, be subject to inspection by the Authority, the Trustee, the Borrower and the Owners of an aggregate of not less than five percent (5%) in Principal Amount of the Bonds then Outstanding or their agents or representatives duly authorized in writing.

(b) The Authority or the Oversight Agent on behalf of the Authority, shall, upon receipt from the Borrower of sufficient moneys to pay the costs to provide the same, furnish, without charge, upon written request of any Bondowner to such Bondowner, (i) a report showing, for the Fiscal Year, with respect to the Bonds, outstanding balances by maturity, redemption history including redemption dates, amount, source of funds, and distribution of the call to the maturities, (ii) a report showing the current status of insurance coverages with respect to the Project, and (iii) the most currently available annual report submitted by the Borrower. For the purposes of this Section, “Bondowner” shall mean, in addition to the registered owner of any Bond, any person or entity that claims in writing to the reasonable satisfaction of the Authority to be a beneficial holder of Bonds and specifically requests that reports be sent to it.

Section 7.12 Creation of Liens. The Authority shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the proceeds, moneys, rights, interests and collections pledged or held aside by the Authority or by a Fiduciary under this Indenture and, except as expressly provided in this Indenture and as may be otherwise provided in a Supplemental Indenture with respect to any supplemental security, shall not create or cause to be created any lien or charge on proceeds, moneys, rights, interests and collections or such moneys on a subordinate, parity or senior basis to the lien created by Section 5.1 for the benefit of the Bonds; provided, however, that nothing in this Indenture shall prevent the Authority from issuing evidences of indebtedness secured by a pledge of such proceeds, moneys, rights, interests and collections to be derived on and after such date as the Senior Bonds Trust Estate and the Series C Bonds Trust Estate shall be discharged and satisfied as provided in Section 13.1, or from issuing notes or bonds of the Authority secured by assets and revenues of the Authority other than the Trust Estate.

Section 7.13 Tax Covenants. The Authority covenants that it shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Tax-Exempt Bonds be and remain excluded from gross income for federal income tax purposes.

The Authority covenants and agrees that it will not make or permit any use of the proceeds of the Bonds or other funds of the Authority which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code, and further covenants that it

will observe and not violate the requirements of Sections 145 and 148 of the Code. The Trustee shall be entitled to receive and to rely upon a Counsel's Opinion as to the conformity of any use or proposed use of the proceeds of the Bonds with the requirements of said Sections 145 and 148 of the Code.

Neither the Borrower nor any related person (as defined in Section 147(a) of the Code) of the Borrower shall, pursuant to an arrangement, formal or informal, purchase any Bonds in an amount related to the amount of the Loan to be made to or acquired from such Borrower by the Authority.

The Authority shall assure that, from the aggregate proceeds of the Tax-Exempt Bonds received from the Underwriter on the Closing Date and investment earnings thereon, an amount not in excess of two percent (2%) of the aggregate face amount of the shall be used to pay for, or provide for the payment of Cost of Issuance. For this purpose, if the fees of the Underwriter are retained as a discount on the purchase of the Tax-Exempt Bonds, such retention shall be deemed to be an expenditure of proceeds of the Tax-Exempt Bonds for said fees.

The Authority shall take no action nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

No portion of the proceeds of the Bonds shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Bonds shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 7.14 Arbitrage Covenants; Rebate Fund.

(a) Moneys and securities held by the Trustee in the Rebate Fund are not pledged or otherwise subject to any security interest in favor of the Trustee to secure the Bonds or any other payments required to be made hereunder or any other document executed and delivered in connection with the issuance of the Bonds.

(b) Moneys in the Rebate Fund shall be held separate and apart from all other Funds and Accounts established under this Indenture and shall be separately invested and reinvested by the Trustee, solely at the written direction of the Borrower, in Qualified Investments. The interest accruing thereon and any profit realized therefrom shall be credited to the Rebate Fund, and any loss resulting therefrom shall be charged to the Rebate Fund. The Trustee shall sell and reduce to cash a sufficient amount of such Qualified Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(c) Absent a Counsel's Opinion that the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds will not be adversely affected, the Authority shall cause the Borrower to deposit in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time

deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury.

(i) Annual Computation. Within 55 days of the end of each Bond Year (or such other frequency approved by the Authority but in any event at least every fifth Bond Year), the Authority shall cause the Borrower to calculate or cause to be calculated the amount of Rebatable Arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.1483 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.1481(b) of the Rebate Regulations.

(ii) Transfer. Within 55 days of the end of each fifth Bond Year, the Authority shall cause the Borrower to transfer to the Trustee for deposit an amount in the Rebate Fund, if and to the extent required so that the balance in the Rebate Fund equals the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (c). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, the Borrower may direct the Trustee to withdraw the excess from the Rebate Fund and credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by the Borrower, to the United States Treasury, out of amounts in the Rebate Fund,

(X) Not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(Y) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

(iv) Deficiencies. In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority shall direct the Borrower to calculate or cause to be calculated the amount of such deficiency and transfer to the Trustee for deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (iv) shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038T, or shall be made in such other manner as provided under the Code.

(v) Excess Moneys. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds, and the payments described in Subsection (c)(iii), may be withdrawn by the Borrower and utilized in any manner by the Borrower.

(vi) Survival of Defeasance. Notwithstanding anything in this Section 7.14 or this Indenture to the contrary, the obligation to comply with the requirements of this Section 7.14 shall survive the defeasance of the Bonds.

(d) In order to provide for the administration of this Section, the Borrower shall provide for the employment of independent attorneys, accountants and consultants (the “Rebate Analyst”) compensated on such reasonable basis as the Borrower may deem appropriate and in addition and without limitation of the provisions of Section 8.1, the Trustee and the Authority may rely conclusively upon and be fully protected from all liability in relying upon the opinions, determinations, calculations and advice of such Rebate Analyst employed hereunder.

(e) As set forth in the Loan Agreement, the Borrower shall be responsible for any fees and expenses incurred by the Authority, the Trustee, and the Rebate Analyst under or pursuant to this Section.

(f) The provisions of this Section may be amended or deleted from this Indenture upon receipt by the Authority and the Trustee of a Counsel’s Opinion that such amendment or deletion will not adversely affect the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. Any moneys on deposit in the Rebate Fund may be applied by the Trustee as permitted in such opinion. As set forth in the Loan Agreement, fees and expenses incurred in connection with the determination of Rebateable Arbitrage shall be paid by the Borrower pursuant to the provisions of the Loan Agreement.

ARTICLE VIII. FIDUCIARIES

Section 8.1 Trustee Acceptance of Duties. The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Indenture, but only upon the additional terms set forth in this Article VIII, and no implied covenants or obligations whatsoever shall be read into this Indenture against the Trustee. Prior to the occurrence of a Senior Bonds Event of Default or a Series C Bonds Event of Default and after the cure or waiver of any such Event of Default, the Trustee shall undertake to perform such duties and only such duties as are expressly and specifically set forth in this Indenture. Upon a Senior Bonds Event of Default or a Series C Bonds Event of Default which has not been cured or waived, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would use under similar circumstances in the conduct of his or her own affairs. The Trustee shall be a bank or trust company organized under the laws of any state of the United States or a national banking association having (together with any affiliates) capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000) and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 8.2 Paying Agents; Appointment and Acceptance of Duties. The Authority shall, subject to the requirements of Section 7.2, appoint one or more Paying Agents (so long as any

Senior Bond is Outstanding) for the Bonds. The Trustee shall be the initial Paying Agent, notwithstanding that it is acting in the capacity of the Trustee.

The Authority will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of principal of (and premium, if any) or interest on the Bonds in trust for the benefit of the persons entitled thereto until such sums shall be paid to such persons or otherwise disposed of as herein expressly provided; and

(b) at any time during the continuance of any default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The principal or corporate trust offices of the Paying Agent are hereby designated as the respective agencies of the Authority for the payment of the principal or Redemption Price of and interest on the Bonds. Except in the event the Trustee shall be the Paying Agent hereunder, the Trustee shall not be responsible for the use or application of any money received by any Paying Agent.

Section 8.3 Responsibilities of the Fiduciaries. The recitals of fact herein and in the Bonds and the statements and information in any disclosure provided pursuant to sale of the Bonds shall be taken as the statements of the Authority, the Borrower or other applicable party and no Fiduciary assumes or shall in any respect be deemed to have assumed any responsibility or liability for the accuracy, completeness or correctness of the same. No Fiduciary shall be deemed to make any representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or in respect of the security afforded by this Indenture, and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall have any responsibility or duty with respect to the issuance of the Bonds or the application of the proceeds thereof or the application of any moneys paid to the Borrower. No Fiduciary shall be under any obligation or duty to perform any act which would cause the Fiduciary to incur or be subject to any expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful default. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any one of the others. The permissive right of a Fiduciary to do things enumerated in this Indenture shall not be construed as a duty.

Section 8.4 Evidence on Which Fiduciaries May Act. The Trustee and any Paying Agent shall be protected in acting upon any Officer's Certificate, notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Any Fiduciary may consult with counsel, who may or may not be counsel to the Authority, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it under this resolution in good faith and in accordance herewith.

Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Indenture, such matter

(unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Officer's Certificate, and such certificate shall be full warrant for any action taken, suffered or omitted in good faith under the provisions of this Indenture upon the faith thereof, but in its discretion such Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondowners pursuant to this Indenture, unless such Bondowners shall have offered to the Trustee compensations, reimbursement of its reasonable attorneys' fees and costs, and security or indemnity satisfactory to it against further costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

The Trustee shall not be bound to ascertain or inquire as to the validity or genuineness of any collateral or security interest (or priority thereof) therein given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to this Indenture or the Loan Agreement or of financing statements or continuation statement (other than continuation statements in connection with the UCC-1 delivered at closing from the Borrower in favor of the Trustee) or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

The Trustee shall not be deemed to have knowledge of an Event of Default, or an "event of default" as defined by the Loan Documents, unless it has actual knowledge thereof at its office where the funds and accounts established under this Indenture are administered.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

The Trustee is authorized and directed to execute in its capacity as Trustee the Regulatory Agreement and the Loan Agreement.

Anything to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the Project, and shall not be required to initiate foreclosure proceedings with respect to the Project and the Deed of Trust unless the Trustee is satisfied that the Trustee will not be subject to any liability under any local, state or federal environmental laws or regulations of any kind whatsoever or from any circumstances present at the Project relating to the presence, use, management, disposal of, or contamination by any environmentally hazardous materials or substances of any kind whatsoever.

Before taking any action under Article XI hereof, the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur hereunder.

The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

Section 8.5 Compensation. The Authority shall approve payment to the Trustee and each Paying Agent from time to time of compensation for all services rendered under this Indenture as set forth in a written agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture. In addition, the Authority shall pay the Trustee's reasonable compensation and reimburse its reasonable expenses, including attorneys' and agent's fees, for any extraordinary services performed in the exercise of its powers and duties under this Indenture. Subject to the provisions of Section 14.3, the Authority further agrees to indemnify and save the Trustee and each Paying Agent harmless against any claims, liabilities which any of them may incur in the exercise and performance of its powers and duties hereunder, and which are not due to the negligence or willful default of such Fiduciary.

Section 8.6 Permitted Acts and Functions. The Trustee and any Paying Agent may buy, own, hold and sell (including acting as an underwriter in respect of) any bonds, coupons or notes of the Authority, whether heretofore or hereafter issued or created; and may engage or be interested in any financial or other transaction with the Authority, with like effect and with the same rights it would have if it were not such Fiduciary. Any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondowners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such

committee shall represent the Owners of a majority in Principal Amount of the Bonds then Outstanding.

Section 8.7 Replacement of Trustee. The Trustee may resign by notifying the Authority in writing at least 60 days prior to the proposed effective date of the resignation. The Owners of a majority in Principal Amount of the Bonds (including at least a majority in Principal Amount of the Senior Bonds) may remove the Trustee upon 30 days' prior written notice to the Trustee and the Authority (with a copy of same to the Borrower).

No resignation or removal of the Trustee under this Section shall be effective until a new Trustee has taken office.

If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under this Indenture, the Authority shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Authority. Immediately thereafter, the retiring Trustee shall transfer, in strict compliance with the terms thereof, all property held by it as Trustee to the successor Trustee and the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture.

If a Trustee is not performing its duties hereunder and a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the Authority delivers notice of removal, the retiring Trustee, the Authority or the Owners of a majority in Principal Amount of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 8.8 Successor Trustee or Agent by Merger. If the Trustee or any Paying Agent consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a national association bank or trust company, its corporate trust assets) to, another corporation, bank, or national association, the resulting, surviving or transferee corporation, bank, or national association without any further act shall be the successor Trustee or Paying Agent.

Section 8.9 Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Paying Agent and any other agent as appointed to perform duties or obligations under this Indenture, under a Supplemental Indenture, or in any combination of such capacities, to the extent permitted by law.

Section 8.10 Resignation or Removal of Paying Agents and Appointment of Successors. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' written notice to the Authority and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Fiduciary and the Trustee and signed by an Authorized Officer. Any initial or successor Paying Agent shall be appointed by the Authority and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least Five Million Dollars (\$5,000,000), and willing and able to accept the office

of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed.

Section 8.11 Co-Trustees. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section shall govern the appointment of separate or co-trustees.

The Trustee may, in its discretion, appoint one or more additional individuals or institutions as separate or co-trustees by written instrument. The Trustee may from time to time, in writing, prescribe the powers, duties and rights of each separate or co-trustee and may remove any such separate or co-trustee. Each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall, to the extent provided by the Trustee, be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable the separate or co-trustee to exercise the powers, rights and duties so provided by the Trustee, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either the Trustee or such separate or co-trustee.

Should any deed, conveyance or other instrument from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, owners, trusts, duties and obligations, any and all such deeds, conveyances and other instruments shall on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or successor to either, shall die, become incapable of acting, resign or be separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 8.12 Continuing Disclosure. Pursuant to Section 6.15 of the Loan Agreement, the Borrower has undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Owners of the Bonds or any other person with respect to such disclosure matters. The Trustee hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it as Trustee and pursuant to Section 6.15 of the Loan Agreement. Notwithstanding any other provision of this Indenture, failure of the Borrower, the Authority or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default

nor, with respect to the Trustee, any breach of its duties; however, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 25% in aggregate principal amount of Outstanding Senior Bonds, upon receipt of compensation and payment of its fees and expenses, including attorneys' fees, shall) or any Senior Bondowner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower and the Authority to comply with its obligations under Section 6.15 of the Loan Agreement.

Section 8.13 Representations of Trustee in Connection With Bond Closing. In connection with the execution and delivery of this Indenture, the Trustee represents and warrants that:

(a) The Trustee has full power and authority to carry on its business as now being conducted and to enter into Indenture, the Loan Agreement and the Regulatory Agreement (the "Bond Documents") and the transactions contemplated thereby;

(b) The Bond Documents have been duly executed and delivered by the Trustee;

(c) The Bond Documents constitute valid, legal, binding, and enforceable obligations of the Trustee (subject to bankruptcy, insolvency or creditor rights laws generally, and principles of equity generally) without offset, defense, or counterclaim;

(d) The execution, delivery, and performance of the Bond Documents by the Trustee will not cause or constitute, including due notice or lapse of time or both, a default under or conflict with organizational documents of the Trustee or other agreements to which the Trustee is a party or otherwise materially or adversely affect performance of the Trustee's duties;

(e) The execution, delivery, and performance of the Bond Documents by the Trustee will not violate any law, regulation, order, or decree of any governmental authority to which the Trustee is subject;

(f) All consents, approvals, authorizations, orders, or filings of or with any court or governmental agency or body, if any, required for the execution, delivery, and performance of the Bond Documents by the Trustee have been obtained or made; and

(g) There is no pending action, suit, or proceeding, arbitration or governmental investigation against the Trustee, an adverse outcome of which materially affects performance by the Trustee under the Bond Documents.

ARTICLE IX. SUPPLEMENTAL INDENTURE

Section 9.1 Supplemental Indentures Effective Without Consent of Bondowners. The Authority may adopt, without the consent of or notice to Bondowners, at any time or from time to time Supplemental Indentures for any one or more of the following purposes, and any such Indenture or Supplemental Indenture shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(a) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements

are not contrary to or inconsistent with the covenants and agreements of the Authority contained in this Indenture;

(b) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority;

(c) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Indenture, provided that no such surrender is contrary to or inconsistent with the covenants and agreements of the Authority contained in this Indenture;

(d) To confirm as further assurance any pledge under, and the subjection to any lien, claim or pledge created or to be created by, the provisions of this Indenture;

(e) To modify any of the provisions of this Indenture or any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds Outstanding as of the date of adoption of such Indenture or Supplemental Indenture shall cease to be Outstanding, and all Bonds issued after the date of adoption of such Indenture shall contain a specific reference to the modifications contained in such Indenture;

(f) To amend this Indenture to add such provisions as may be necessary or advisable in connection with the substitution of any additional security; provided that any such modification does not materially adversely affect interests of any Bondholders;

(g) To amend the Indenture in any and all respects as may be necessary or advisable to implement any amendment of the Code or the provision of any tax legislation enacted in place thereof;

(h) To make such amendments to add such other provisions in regard to matters or questions arising out of this Indenture which shall not materially adversely affect the interests of the Owners of the Bonds affected thereby; or

(i) To cure any ambiguity or defect or inconsistent provision in this Indenture or to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable; provided that any such modifications do not materially adversely affect the interests of any Bondowners.

Section 9.2 Supplemental Indenture Effective with Consent of Bondowners. The provisions of this Indenture may be modified at any time or from time to time supplemented by a Supplemental Indenture, subject to the consent of Bondowners in accordance with and subject to the provisions of Article X hereof.

Section 9.3 General Provisions Relating to Indenture and Supplemental Indentures. This Indenture shall not be modified or amended in any respect except in accordance with and subject to the provisions this Article IX and Article X. Nothing contained in this Article IX or Article X shall affect or limit the right or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provision of Section 7.3 hereof or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent

any instrument elsewhere in this Indenture provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Indenture and Supplemental Indenture adopted by the Authority when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Indenture or Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the Authority and enforceable in accordance with its terms, except as to enforcement of remedies which may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally, and, if applicable, is not materially adverse to the interests of any Bondholders.

The Trustee is hereby authorized to accept delivery of a certified copy of any Supplemental Indenture permitted or authorized pursuant to the provisions of this Indenture and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on Counsel's Opinion that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

No Indenture or Supplemental Indenture changing, amending or modifying any of the rights or obligations of the Trustee or any Paying Agent may be adopted by the Authority without the written consent of such Fiduciary affected thereby.

ARTICLE X. AMENDMENTS OF INDENTURE

Section 10.1 Powers of Amendment. Any modification or amendments of this Indenture and of the rights and obligations of the Authority and of the Owners of the Bonds, may be made by a Supplemental Indenture, with, except as provided in Section 9.1 hereof, the written consent given as hereinafter provided in Section 10.2, of the Owners of (i) at least two-thirds in Principal Amount of the Bonds outstanding at the time such consent is given; and (ii) at least two-thirds in Principal Amount of the Senior Bonds Outstanding at the time such consent is given; provided, however, that if any such modification or amendment will, by its terms, not take effect so long as any series of Bonds of any maturity remain Outstanding, the consent of the Owners of such series of Bonds and maturity shall not be required and such series of Bonds shall not be deemed to be Outstanding for the purpose of any calculation of the Principal Amount of Outstanding Bonds under this Section. In the event that the Supplemental Indenture shall contain provisions which affect the rights and interests of one series of Bonds (but not the others), then the Owners of not less than two-thirds of the Principal Amount of the series of Bonds which are affected by such changes shall have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Indenture and affecting only the Bonds of such series; provided, however, unless approved by the Owners of all the Bonds of all the affected series then Outstanding, nothing herein shall permit or be construed as permitting such items as further provided in this Section 10.1. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the Principal Amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall

reduce the percentages of Bonds the consent of the Owners of which is required to effect any such modification or amendment. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular maturity would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the Authority and all Owners of Bonds. The Trustee may receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether Bonds of any particular maturity of such series would be so affected by any such modification or amendment of this Indenture.

Section 10.2 Consent of Bondowners. The Authority may at any time adopt a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 10.1 to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondowners for their consent thereto in form satisfactory to the Trustee by the Authority to Bondowners, shall be mailed by the Trustee by first class mail, postage prepaid to the Owners of all Outstanding Bonds. Such Supplemental Indenture shall not be effective unless and until (a) there have been filed with the Trustee (i) the written consents of Owners of the percentages of Outstanding Bonds specified in Section 10.1 and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (b) a notice shall have been given as hereinafter in this Section 10.2 provided. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.1. A certificate or certificates by the Authority filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 12.1 shall be conclusive that the consents have been given by the Owners of the Bonds described in such certificate or certificates of the Authority. Any such consent shall be binding upon the Owner of the Bonds giving such consent and, anything in Section 12.1 to the contrary notwithstanding, upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof), unless such consent is revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing with the Trustee prior to the time when the written statement of the Authority hereinafter in this Section 10.2 provided for is filed, such revocation. At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Authority shall make and file with the Trustee a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this Section 10.2, may be given to Bondowners by the Authority by mailing such notice to Bondowners (but failure to make such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 10.2 provided) not more than ninety (90) days after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Authority hereinabove provided for is filed. The Authority shall file with the Trustee proof of the mailing of such

notice. A transcript, consisting of the papers required or permitted by this Section 10.2 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Authority, each Fiduciary and the Owners of all Bonds at the expiration of thirty (30) days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Authority during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as it may deem expedient.

Section 10.3 Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Indenture and the consent of the Owners of all of the Bonds then Outstanding, such consent to be given as provided in Section 10.2, except that no notice to Bondowners shall be required.

Section 10.4 Mailing. Any provision in this Article for the mailing of a notice or other document to Bondowners shall be fully complied with if such notice or document is mailed postage prepaid only (i) to each Owner of Bonds then Outstanding at his or her address, appearing upon the registration books held by the Trustee and (ii) to the Trustee.

Section 10.5 Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of the Principal Amount of Outstanding Bonds provided for in this Article, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for taken under this Article. The Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 10.6 Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article IX or this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and upon presentation of his Bond for the purpose at the Principal Office of the Trustee, suitable notation shall be made on such Bond by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, upon surrender of such Bonds.

ARTICLE XI. DEFAULTS AND REMEDIES

Section 11.1 Events of Default. (a) Senior Bonds Event of Default. Each of the following events is hereby declared a “Senior Bonds Event of Default”, that is to say; if

(i) the Authority shall fail to make payment of the principal of, or Redemption Price of, or Sinking Fund Installment on, any Senior Bond from the Senior Bonds Trust Estate after the same shall become due, whether at maturity or upon call for redemption, or otherwise; or

(ii) the Authority shall fail to make payment of interest on any Senior Bond from the Senior Bonds Trust Estate when and as the same shall become due; or

(iii) the Authority shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture, any Supplemental Indenture, or in the Senior Bonds contained, and such default shall continue for a period of ninety (90) days after written notice thereof by the Trustee or the Owners of not less than five percent (5%) in Principal Amount of the Outstanding Senior Bonds.

The occurrence of a Senior Bonds Event of Default shall constitute an event of default only with respect to the Senior Bonds.

(b) *Series C Bonds Events of Default.* Each of the following events is hereby declared a “Series C Bonds Event of Default,” that is to say, if;

(i) Subordinate Residual Revenues are not applied to the payment of the principal of, or Redemption Price of, or targeted Sinking Fund Installment on, any Series C Bonds after the same shall become due, whether at maturity or upon call for redemption or otherwise, to the extent of such Subordinate Residual Revenues available; or

(ii) Subordinate Residual Revenues are not applied to the payment of interest on any Series C Bonds when and as the same shall become due to the extent of such Subordinate Residual Revenues available; or

(iii) the Authority shall default in the performance or observance of any other of the covenants, agreements, or conditions on its part in this Indenture, any Supplemental Indenture, or in the Series C Bonds contained, and such default shall continue for a period of ninety (90) days after written notice thereof by the Trustee or the Holders of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Series C Bonds.

The occurrence of a Series C Bonds Event of Default shall constitute an event of default only with respect to the Series C Bonds.

Section 11.2 Remedies.

(a) Upon the happening and continuance of any Senior Bonds Event of Default specified in Section 11.1, then, and in each such case, subject in any event to the provisions of Section 7.10 hereof, the Trustee may proceed, and upon the written request of the Owners of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Senior Bonds shall, subject to Section 8.4 hereof, proceed in its own name, to protect and enforce its rights and the

rights of the Bondowners of such series by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(i) by suit, action or proceeding, enforce all rights of the Bondowners hereunder, including the right to require the Borrower to receive and collect Pledged Revenues adequate to carry out the covenants and agreements as to, and pledge of, such Pledged Revenues, and to require the Borrower to carry out any other covenant or agreement with Bondowners and to perform its duties under the Loan Agreement;

(ii) by bringing suit upon the Bonds;

(iii) by action or suit, require the Borrower to account as if the Borrower were the trustee of an express trust for the Owners of the Bonds; or

(iv) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds hereunder;

provided, however, so long as the Senior Bonds are Outstanding, the Trustee in so acting under this Section 11.2(a) shall act solely for the benefit of the Senior Bondholders and the Series C Bondholders shall have no interest in or right to direct remedies with respect thereto.

(b) Upon the happening and continuance of any Senior Bonds Event of Default specified in clause (i) or (ii) of Section 11.1(a), then, and in each such case, subject in any event to the provisions of Section 7.10 hereof, the Trustee may, and upon the written request of the Owners of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Senior Bonds, shall declare all Senior Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Owners of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Senior Bonds, annul such declaration and its consequences.

(c) In the enforcement of any remedy under this Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and any time remaining, due from the Borrower for principal, Redemption Price, interest or otherwise, under any provision of this Indenture, the Loan Agreement or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under the Bonds, including reasonable attorneys' fees.

(d) (i) If any Senior Bonds are then Outstanding, then in the event of a Series C Bonds Event of Default, the Series C Bondholders shall have no right to declare an event of default hereunder or direct any remedies hereunder.

(ii) If the Senior Bonds are no longer Outstanding, then in the event of a Series C Bonds Event of Default, the Trustee may, and upon the written request of the Owners of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Series C Bonds, shall declare all Series C Bonds due and payable, and if all defaults shall be made good, then with the written consent of the Owners of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Series C Bonds, annul such declaration and its consequences.

Section 11.3 Priority of Payments after Senior Bonds Event of Default. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of principal or Redemption Price of and interest then due on the Senior Bonds, such funds (other than funds held for the payment or redemption of particular Senior Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to this Article XI, after making provision for the payment of any expenses necessary in the opinion of the Trustee or the Authority to protect the interests of the Owners of the Senior Bonds, and for the payment of the fees, charges and expenses and liabilities incurred and advances made by the Trustee or the Authority in the performance of their duties under this Indenture, including reasonable attorneys' fees, shall be applied as follows (provided that moneys in the Senior Bonds Debt Service Fund and the Senior Bonds Debt Service Reserve Fund shall not be applied to make payments with respect to the Series C Bonds, and provided further that moneys in the Series C Bonds Debt Service Fund shall also be applied to make payments with respect to the Senior Bonds):

(a) Unless the principal of all the Senior Bonds shall not have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due on the Senior Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Amounts or Redemption Price of any Senior Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Senior Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Amounts or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

Third: To the payment to the persons entitled thereto of the unpaid Principal Amounts or Redemption Price of any Series C Bonds which shall become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Series C Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Amounts or Redemption Price due on such date, to the persons entitled without any discrimination or preference.

(b) If the principal of all of the Senior Bonds shall have become or have been declared due and payable, to the payment of the principal of and interest then due and unpaid upon the Senior Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds.

Moneys remaining after satisfying the payments as provided in this paragraph (b) shall be applied proportionately to the payment of the principal of and interest then due and unpaid upon the Series C Bonds without preference or priority of principal, or of any installment of interest over any other installment of interest, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to the Authority, to any Bondowner or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Owner of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 11.4 Priority of Payments after Series C Bonds Event of Default. In the event that the funds held by the Trustee shall be insufficient for the payment of principal or Redemption Price of and interest then due on the Series C Bonds, such funds derived from actions taken in connection under a Series C Bonds Event of Default only (other than funds held for the payment or redemption of particular Series C Bonds which have theretofore become due at maturity or by call for redemption), and any other moneys received or collected by the Trustee and the Authority acting pursuant to Article XI, after making provision for the payment of any expenses necessary in the opinion of the Trustee and the Authority to protect the interests of the Holders of the Bonds, and for the payment of the fees, charges and expenses and liabilities incurred and advances made by the Trustee or the Authority in the performance of their duties under this Indenture, including reasonable attorney fees, shall be applied as follows:

(a) Unless the principal of all the Series C Bonds shall not have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due on the Series C Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Amount or Redemption Price of any Series C Bonds which shall have become due,

whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Series C Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Amounts or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Series C Bonds shall have become or have been declared due and payable, to the payment of the principal of and interest then due and unpaid upon the Series C Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Series C Bond over any other Series C Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series C Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Trustee, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Any payments set forth above with respect to the Series C Bonds shall be made without preference, priority or distinction, as to the series of the Series C Bonds.

Notwithstanding the provisions of this Section 11.4 or this Article XI generally, the Series C Bonds are subject to cancellation as a result of a deemed redemption pursuant to Section 4.1(d) hereof.

Section 11.5 Termination of Proceedings. In the case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every case the Authority, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 11.6 Bondowners' Direction of Proceedings. Subject to the provisions of Section 7.10 hereof, the Owners of a majority in Principal Amount of the (i) Senior Bonds, so long as the

Senior Bonds are Outstanding; and (ii) if the Senior Bonds are not Outstanding, then the Series C Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture and that the Trustee shall have the right to decline to follow any direction which in the opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction.

Section 11.7 Limitations on Rights of Bondowners. No Owner of any Bond of any series shall have any right to institute any suit, action or other proceedings hereunder, or for the protection or enforcement of any right under this Indenture or any right under law, unless such Owner shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which suit, action or proceeding is to be taken, and unless the Owners of not less than twenty-five percent (25%) in Principal Amount of the Bonds of the series affected then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers under this Indenture or for any other remedy hereunder or under law. It is understood and intended that no one or more Owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under law with respect to the Bonds or this Indenture, except in the manner herein provided, and that all proceedings shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners of the Outstanding Bonds of each series. Notwithstanding the foregoing provisions of this Section or any other provisions of this Article XI, the obligation of the Authority shall be absolute and unconditional to pay the principal and Redemption Price of and interest on the Bonds to the respective Owners thereof at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

Anything to the contrary contained in this Section 11.7 or any other provision of this Indenture notwithstanding, each Owner of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing of any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondowner, or group of Bondowners, holding at least twenty-five percent (25%) in Principal Amount of the Bonds Outstanding, or to any suit

instituted by any Bondowner for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective date thereof expressed in such Bond.

Section 11.8 Possession of Bonds by Trustee Not Required. All rights of action under this Indenture or under any of the Bonds, enforceable by the Trustee, may be enforced by it without possession of any of the Bonds or the production thereof in the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 11.9 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 11.10 No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee and the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.11 Notice of Event of Default. The Trustee shall give to the Bondowners, the Authority and S&P, if S&P is then rating the Senior Bonds, notice of each Event of Default hereunder known to the Trustee within three (3) Business Days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the cases of (i) default in any payment of the principal or Redemption Price of, or interest on any of the Bonds, or (ii) in the making of any payment required to be made into any of the Senior Bonds Debt Service Fund, the Senior Bonds Debt Service Reserve Fund, or the Series C Bonds Debt Service Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondowners. Each such notice of Event of Default shall be given by mailing written notice thereof to all registered Owners of Bonds, as the names and address of such Owners appear upon the books of registration as kept by the Trustee.

ARTICLE XII. EXECUTION OF INSTRUMENTS BY BONDOWNERS AND PROOF OF OWNERSHIP OF BONDS

Section 12.1 Evidence of Signatures of Bondowners and Ownership of Bonds. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bondowners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein provided), if made in the following manner: The fact and date of the execution by any Bondowner or his attorney or agent of any such instrument and of any

instrument appointing any such attorney or agent, may be proved by delivery of a certificate, which need not be acknowledged or verified, of an officer of any bank, trust company, or investment banking firm or of any notary public, or other officer authorized to take acknowledgments. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Authority, the Trustee or any Paying Agent pursuant to such request or consent.

ARTICLE XIII. DEFEASANCE

Section 13.1 Defeasance.

(a) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all of the Bonds then Outstanding, the principal of and interest on and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then and in that event the covenants, agreements and other obligations of the Authority to the Bondowners shall be discharged and satisfied. In such event, the Trustee shall, (i) upon request of the Authority, execute and deliver to the Authority and the Borrower all such instruments as may be reasonably requested by the Authority to evidence such release and discharge, and (ii) if S&P is then rating the Senior Bonds, give written notice to S&P of the date on which such payments were made. In addition, the Trustee and the Paying Agents shall pay over to or deliver to the Borrower all moneys or securities held by them pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment of any amounts owed to the Trustee or for the payment or redemption.

(b) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of the Bonds then Outstanding, the principal of and interest on and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then and in that event such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture and the covenants, agreements and other obligations of the Authority to the Owners of such Bonds shall be discharged and satisfied, except for the Authority's obligations under Section 7.14 hereof and its obligations under Section 8.5, to the extent of any amounts owed to the Trustee.

(c) Any Bonds or interest installments for the payment or redemption of which moneys shall then be held by the Trustee or the Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section 13.1. Any Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section 13.1 if (i) in case such Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory

to it, irrevocable instructions to give notice of redemption as provided in Article IV of this Indenture on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, as verified by an Accountant's Certificate to pay when due the principal or Redemption Price, if applicable, of such Bonds and interest due and to become due on such Bonds on and prior to the Principal Payment Date or Dates or redemption date or dates thereof, as the case may be, and (iii) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instruction to give notice by mail, as soon as practicable, to the Owners of such Bonds and to S&P, if S&P is then rating the Senior Bonds, that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with paragraph (a) of this Section 13.1 and stating such Principal Payment Date or Dates or redemption date or dates upon which moneys are to be available for the payment of the principal of, Redemption Price, if applicable, on such Bonds. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in Principal Amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Principal Payment Date or Dates or redemption date or dates thereof, as the case may be, all as further provided in an escrow agreement relating to the defeasance of the Bonds.

(d) Other Government Obligations may be substituted for those originally deposited with the Trustee pursuant to paragraph (c) of this Section 13.1; provided that there shall have been furnished to the Trustee a Counsel's Opinion to the effect that such substitution will not adversely affect the exclusion from federal gross income of interest on any Bonds and an Accountant's Certificate verifying the sufficiency of the moneys and Government Obligations to pay or redeem any Bonds deemed to have been paid pursuant to paragraph (c) of this Section 13.1.

(e) Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee or Paying Agents in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agents at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee or Paying Agents after the said date when such Bonds became due and payable, shall, be repaid by the Trustee or Paying Agents to the Borrower and become its absolute property, free from trust, and the Trustee or Paying Agents shall thereupon be released and discharged with respect thereto and the Bondowners thereafter shall look only to the Borrower for the payment of such Bonds.

ARTICLE XIV. MISCELLANEOUS

Section 14.1 Preservation and Inspection of Documents. All documents received by the Trustee or any Paying Agent under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times and upon reasonable notice to the inspection of the Authority, the Trustee or any Paying Agent, and, upon written request of not less than five percent (5%) in Principal Amount of the Owners of the Outstanding Bonds, such Owners and their agents and representatives, any of whom may make copies thereof.

Section 14.2 Parties in Interest. Nothing in this Indenture adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give any person or party other than the Authority, the Fiduciaries and the Owners of the Bonds pertaining thereto any rights, remedies or claims under or by reason of this Indenture or any covenant, condition, stipulation, promise, agreement or obligation thereof; and all covenants, conditions, stipulations, promises, agreements and obligations contained in this Indenture by or on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries and the Owners from time to time of the Bonds.

Section 14.3 Limited Liability. Notwithstanding any other provision of this Indenture to the contrary:

(a) the obligations of the Authority with respect to the Bonds and under this Indenture, the Loan Agreement and the Regulatory Agreement are not general obligations of the Authority but are special, limited obligations of the Authority payable by the Authority solely from the Trust Estate and are not a debt, nor a loan of the credit, of the State or any of its political subdivisions, and the Bonds shall not be construed to create any moral obligation on the part of the Authority, members of the Authority, the State or any political subdivision thereof with respect to the payment thereof; and the Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation; and the issuance of the Bonds shall not directly or indirectly or contingently obligate the Authority, members of the Authority, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment, and no Bondholder has the right to compel any exercise of any taxing power of the Authority, members of the Authority or the State;

(b) nothing contained in the Bonds or in this Indenture shall be considered as assigning or pledging any funds or assets of the Authority other than the Trust Estate;

(c) neither the faith and credit of the Authority, members of the Authority, the State nor of any other political subdivision of the State are pledged to the payment of the principal of or interest on the Bonds;

(d) no failure of the Authority to comply with any term, condition, covenant or agreement in this Indenture or in any document executed by the Authority in connection with the Project, or the issuance, sale and delivery of the Bonds shall subject the Authority to liability for any claim for damages, costs or other charge except to the extent that the same can be paid or recovered from the Trust Estate; and

(e) the Authority shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes of this Indenture, the Loan Agreement or the Regulatory Agreement, whether for the payment of the principal or redemption price of, or interest on, the Bonds, the payment of any fees or administrative expenses or otherwise.

It is recognized that, notwithstanding any other provision of this Indenture, neither the Borrower, the Trustee nor any Bondholder shall look to the Authority or member of the Authority for damages suffered by the Borrower, the Trustee or such Bondholder as a result of the failure of the Authority to perform any covenant, undertaking or obligation under this Indenture, the Loan Agreement, the Regulatory Agreement, the Bonds or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Authority in any of such documents, nor for any other reason. Although this Indenture recognizes that such documents shall not give rise to any pecuniary liability of the Authority, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Authority) in any court or before any governmental body, agency or instrumentality or otherwise against the Authority or any of its officers or employees to enforce the provisions of any of such documents which the Authority is obligated to perform and the performance of which the Authority has not assigned to the Trustee or any other person; provided, however, that, as a condition precedent to the Authority proceeding pursuant to this Section, the Authority shall have received satisfactory indemnification. In any event, the Authority shall have no liability under this Indenture or for any actions taken or not taken by the Authority or the Trustee hereunder.

Section 14.4 No Recourse Under Indenture or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Authority continued in this Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any board member, officer or employee of the Authority or members of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Indenture against any Board member, officers or employee of the Authority or members of the Authority or any person executing the Bonds.

Section 14.5 Severability. If any one or more of the covenants, conditions, stipulations, promises, agreements or obligations provided in this Indenture on the part of the Authority or any Fiduciary to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, condition or conditions, stipulation or stipulations, promise or promises, agreement or agreements, obligation or obligations shall be deemed and construed to be severable from the remaining covenants, conditions, stipulations, promises, agreements, and obligations herein contained and shall in no way affect the validity of the other provisions of this Indenture.

Section 14.6 Headings. Any heading preceding the texts of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for the convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

Section 14.7 Conflict. All resolutions or parts of resolutions or other proceedings of the Authority in conflict herewith be and the same are repealed insofar as such conflict exists.

Section 14.8 Notices. (a) All notices, certificates or other communications shall be in writing and shall be sufficiently given and sent by: (i) mailed by certified mail, return receipt requested, postage prepaid; (ii) personal delivery, overnight delivery by a recognized courier or delivery service; or (iii) electronic transmission, which includes fax machine, email with an imaged or scanned attachment (such as a .pdf) or other similar electronic transmission, with confirmation of receipt of such transmission and shall be deemed given on the second day following the date on which the same have been personally delivered or mailed or when delivered when sent by electronic transmission to the addresses set forth below. If to the Authority, to Independent Cities Finance Authority, Post Office Box 1750, Palmdale, California 93590-1750; Attention: Program Administrator; if to the Borrower, to Millennium Housing, LLC, 20 Pacifica, Suite 1470, Irvine, California 92618, Attention: George Turk; and if to the Trustee, to Union Bank, N.A., 120 S. San Pedro Street, 4th Floor, Los Angeles, California 90012, Attention: Corporate Trust Department, Fax: (213) 972-5694, Email: Jennifer.Earle@unionbank.com. A duplicate copy of each notice, certificate or other communication given hereunder shall also be given to each of the above. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

(b) The Authority shall cause a notice to be sent to S&P, if S&P is then rating the Senior Bonds, with respect to any of the following:

(i) Any material adverse change to the Project or the Borrower of which the Authority has actual knowledge and written notice thereof from the Borrower.

(ii) Any amendments or supplemental agreements entered into by the Authority with respect to the Indenture, the Loan Agreement, the Regulatory Agreement, the Deed of Trust and the Administration Agreement.

(iii) Upon any substitution or delivery of an investment agreement with respect to investments of moneys under the Indenture.

(iv) The resignation or removal of the Trustee and the appointment of a successor Trustee.

Notices to S&P shall be sent to:

55 Water Street, 38th Floor
New York, New York 10041
Attention: Tax-Exempt Housing
Fax: (212) 438-2153
Email: housing@standardandpoors.com

Section 14.9 All Obligations Due on Business Days. If the date for making any payment, performing any act, or exercising of any right, as provided in this Indenture, is a day which is not

a Business Day, such payment may be made, act performed, or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided under this Indenture.

Section 14.10 Governing Law. This Indenture shall be governed by, and interpreted in accordance with, the laws of the State of California.

Section 14.11 Execution in Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undesignated, shall together constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Independent Cities Finance Authority has caused these presents to be signed in its name and on its behalf by its President and its Program Administrator and, to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its duly authorized officers all as of the date first above written.

INDEPENDENT CITIES FINANCE AUTHORITY

By: _____
W. Michael McCormick, President

By: _____
Deborah J. Smith, Program Administrator

UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES A BOND

RA-1

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IF REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

INDEPENDENT CITIES FINANCE AUTHORITY
MOBILE HOME PARK REVENUE BOND
(VISTA DE SANTA BARBARA MOBILEHOME PARK)
SERIES 2013A

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP NO.</u>
_____ %	_____ 15, 20__	September __, 2013	

REGISTERED OWNER: _____ CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The Independent Cities Finance Authority (the "Authority"), a joint powers authority, organized and existing under the laws of the State of California, for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner named above or registered assigns or legal representative, on the Maturity Date specified above, upon the presentation and surrender hereof, the Principal Sum specified above and to pay by check mailed to the person in whose name this Series A Bond is registered at the close of business on the first day (whether or not a business day) of the calendar month in which each interest payment date occurs, solely from the sources and to the extent of such amounts described in the Indenture (described below), interest on said sum from the date hereof at the Interest Rate per annum specified above, payable on the fifteenth day of each _____ and _____ in each year, commencing _____ 15, 2013, until said Principal Sum is paid. Principal and any redemption

premium and interest with respect to this Series A Bond are payable at the principal corporate trust office in Los Angeles, California, of Union Bank, N.A., as Trustee, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Capitalized terms used herein and not defined shall have the meanings given to such terms in the Indenture.

THIS SERIES A BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM THE PLEDGED REVENUES, PREPAYMENTS AND NET PROCEEDS (AS DEFINED IN THE INDENTURE HEREINAFTER DESCRIBED) AND MONEYS, FUNDS AND ACCOUNTS PLEDGED BY THE INDENTURE. THE STATE OF CALIFORNIA IS NOT OBLIGATED TO PAY THE PRINCIPAL OF THIS SERIES A BOND NOR THE INTEREST THEREON, NOR ARE THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

This Series A Bond and the issue of which it forms a part is a limited obligation of the Authority, giving rise to no pecuniary liability of the State of California or any political subdivision thereof (other than the Authority, to the limited extent set forth in the Indenture), nor any charge against its general credit, is payable solely from, and a valid claim of the Registered Owner hereof only against the Senior Bonds Trust Estate. This Series A Bond does not constitute an indebtedness or a loan of the credit of the Authority, members of the Authority or the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt restrictions. Neither the faith and credit nor the taxing power of the Authority, members of the Authority or the State of California or any political subdivision thereof is pledged to the payment of principal of or interest on this Series A Bond.

This Series A Bond is one of a duly authorized issue of bonds of the Authority designated as “Independent Cities Finance Authority Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park), Series 2013A” (the “Series A Bonds”), in the aggregate principal amount of \$ _____ issued pursuant to Chapter 8 of Part 5 of Division 31 of the California Health and Safety Code, as amended and supplemented (the “Act”), and under and pursuant to an Indenture of Trust dated as of September 1, 2013 (the “Indenture”), by and between the Authority and Union Bank, N.A., as trustee (the “Trustee”), for the purpose of providing funds which, together with the proceeds of the Series B Bonds and the Series C Bonds (described below), will be used to make a loan to finance the acquisition and rehabilitation of the Vista de Santa Barbara Mobilehome Park located in the City of Carpinteria, California, fund the Repair and Replacement Fund and the Senior Bonds Debt Service Reserve Fund as set forth in the Indenture and pay a portion of the costs of issuance. Concurrently with the issuance of the Series A Bonds the Authority will also issue and deliver its \$ _____ aggregate principal amount Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park) Series 2013B (Federally Taxable) (the “Series B Bonds” and, together with the Series A Bonds, the “Senior Bonds”) and its \$ _____ aggregate principal amount Mobile Home Park Subordinate Revenue Bonds (Vista de Santa Barbara Mobilehome Park) Series 2013C (the “Series C Bonds”). The Series A Bonds, the Series B Bonds and the Series C Bonds are collectively referred to herein as the “Bonds.” The Senior Bonds are payable from, and secured by, the

Senior Bonds Trust Estate on a parity basis. The Series C Bonds are issued on a subordinate basis to the Senior Bonds as set forth in the Indenture.

The owner of this Series A Bond should make reference to the Indenture and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and covenants securing the Series A Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Series A Bonds with respect thereto and the terms and conditions upon which the Series A Bonds are issued. Copies of the Indenture are on file at the office of the Authority and at the principal corporate trust office of the Trustee, in Los Angeles, California, or its successor as trustee.

To the extent and in the manner permitted by the Indenture, the provisions of the Indenture or any Indenture amendatory thereof or supplemental thereto, may be amended by the Authority with the written consent of the owners of at least two-thirds in principal amount of the Bonds of the series then outstanding to which the amendment applies. No such amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of principal amount of Bonds without the consent of the owners of which is required to effect any such amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written consent thereto.

The Series A Bonds are issuable only as fully registered bonds without coupons, in denominations of \$5,000 or any integral multiple thereof. Series A Bonds may be exchanged for an equal aggregate principal amount of Series A Bonds and of the same maturity, of other Authorized Denominations (as defined in the Indenture) and bearing interest at the same rate at the principal corporate trust office of the Trustee, in the manner and subject to the limitations and conditions provided in the Indenture and without cost except for any tax or other governmental charge.

The Series A Bonds shall be subject to redemption, at the option of the Authority, prior to the stated maturities thereof on a pro rata basis, in whole or in part at any time, on the earliest practicable date for which notice of redemption can be given as provided in the Indenture at a Redemption Price equal to 100% of the Principal Amount of such Series A Bonds or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, in a Principal Amount having an aggregate Redemption Price equal to the amount of moneys which are deposited in or transferred to the Redemption Fund, (x) from any Net Proceeds or any Prepayment made by the Borrower in order to fully retire the Loan in connection with a condemnation or casualty loss which results in Net Proceeds, and (y) from excess amounts in the Senior Bonds Debt Service Reserve Fund resulting from a reduction in the Senior Bonds Debt Service Reserve Fund Requirement after giving effect to any special redemption as provided in the Indenture. The Trustee shall apply any such amounts described above in accordance with applicable provisions of the Indenture from time to time as directed by a Certificate of a Borrower Representative, with notice to the Authority; provided, however, that (i) such amount to be applied to such redemption or purchase shall be rounded to the next lower authorized denomination, and (ii) unless otherwise directed by a Certificate of a Borrower Representative,

with notice to the Authority; no such redemption shall be effected unless the total amount to be applied to redeem Senior Bonds on such date shall be at least \$25,000.

The Series A Bonds maturing _____ 15 in each of the years 20__, 20__, 20__ and 20__ (collectively, the “Term Bonds”) are subject to mandatory sinking fund redemption by application of the Sinking Fund Installments as provided in the Indenture on the dates set forth therein, at a Redemption Price equal to 100% of the Principal Amount of each Term Bond or portion thereof to be redeemed, plus accrued interest to the date of redemption thereof, without premium, on the respective dates and in the amounts set forth in the Indenture.

The Series A Bonds maturing on or after _____ 15, 20__, are subject to redemption by the Authority at the request of the Borrower, prior to the stated maturities thereof as may be directed by the Authority, in whole or in part on any date on or after _____ 15, 20__, at a redemption price equal the principal amount of each Series A Bond or portion thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

If any or all of the Bonds are to be redeemed prior to maturity, the Trustee shall give notice, which notice shall specify the maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable, whether such redemption is conditioned upon the availability of funds for such purpose on the redemption date and, if less than all of the Bonds of any maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the Principal Amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the Principal Amount thereof in the case of Bonds to be redeemed in part only, together with interest accrued on such Bonds to the redemption date, and that from and after such date interest on such Bonds shall cease to accrue and be payable; provided that, if the redemption is conditioned upon funds being available therefor no later than the opening of business on the redemption date, the notice shall so state. The Trustee shall mail a copy of such notice, by first class mail, postage prepaid, not less than thirty (30) days nor more than forty-five (45) days before the redemption date, to the Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration book. Failure to give such notice with respect to any Bonds, or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bonds.

With respect to any optional redemption of Bonds, if at the time of mailing such notice of redemption, the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The Act provides that neither the issuing officer nor any person executing the Bonds shall be liable personally on the Bonds.

The transfer of this Series A Bond is registrable by the Registered Owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the

Trustee but only in the manner and subject to the limitations and conditions provided in the Indenture and upon surrender and cancellation of this Series A Bond. Upon any such registration of transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for this Series A Bond a new registered Bond or Bonds without coupons, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Series A Bond, of the same series and maturity and bearing interest at the same rate.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Series A Bond, exist, have happened and have been performed and that the issue of the Bonds, of which this is one, together with all other indebtedness of the Authority is within every debt and other limit prescribed by the laws of the State of California.

This Series A Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Series A Bond shall have been authenticated by the manual execution by the Trustee of the Certificate of Authentication attached hereto.

IN WITNESS WHEREOF, the Authority has caused this Series A Bond to be signed in its name and on its behalf by the facsimile signature of the President and attested to by the facsimile signature of the Secretary of the Authority, and has caused this Series A Bond to be dated as of September __, 2013.

INDEPENDENT CITIES FINANCE AUTHORITY

By: _____
President

ATTEST:

By: _____
Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within-mentioned Indenture.

Date of Authentication:

UNION BANK, N.A., as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____

_____ attorney, to transfer the same on the books of the

Trustee, with full power of substitution in the premises.

Dated: _____

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee. _____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF SERIES B BOND

RB-1

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IF REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

INDEPENDENT CITIES FINANCE AUTHORITY
MOBILE HOME PARK REVENUE BOND
(VISTA DE SANTA BARBARA MOBILEHOME PARK)
SERIES 2013B (FEDERALLY TAXABLE)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP NO.</u>
_____ %	_____ 15, 20__	September __, 2013	

REGISTERED OWNER:

CEDE & CO.

PRINCIPAL SUM:

THE INDEPENDENT CITIES FINANCE AUTHORITY (the "Authority"), a joint powers authority organized and existing under the laws of the State of California, for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner named above or registered assigns or legal representative, on the Maturity Date specified above, upon the presentation and surrender hereof, the Principal Sum specified above and to pay by check mailed to the person in whose name this Series B Bond is registered at the close of business on the first day (whether or not a business day) of the calendar month in which each interest payment date occurs, solely from the sources and to the extent of such amounts described in the Indenture (described below), interest on said sum from the date hereof at the Interest Rate per annum specified above, payable on the fifteenth day of each _____ and _____ in each year, commencing _____ 15, 2013, to the extent of Subordinate Residual Revenues available for payment, until said Principal Sum is paid. In the event that the Subordinate Residual

Revenues are not sufficient to pay the accrued interest due and payable on this Series B Bond on an Interest Payment Date remains, such unpaid interest shall be deferred. Nonpayment of interest on this Series B Bond on any Interest Payment Date due to insufficient Subordinate Residual Revenues shall not be an Event of Default under the Indenture. Unpaid principal and interest on this Bond are subject to deemed redemption and discharge as provided in the Indenture. Principal and any redemption premium and interest with respect to this Series B Bond are payable at the principal corporate trust office in Los Angeles, California, of Union Bank, N.A., as Trustee, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Capitalized terms used herein and not defined shall have the meanings given to such terms in the Indenture.

THIS SERIES B BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM THE PLEDGED REVENUES, PREPAYMENTS AND NET PROCEEDS (AS DEFINED IN THE INDENTURE HEREINAFTER DESCRIBED) AND MONEYS, FUNDS AND ACCOUNTS PLEDGED BY THE INDENTURE. THE STATE OF CALIFORNIA IS NOT OBLIGATED TO PAY THE PRINCIPAL OF THIS SERIES A BOND NOR THE INTEREST THEREON, NOR ARE THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

This Series B Bond and the issue of which it forms a part is a limited obligation of the Authority, giving rise to no pecuniary liability of the State of California or any political subdivision thereof (other than the Authority, to the limited extent set forth in the Indenture), nor any charge against its general credit, is payable solely from, and a valid claim of the Registered Owner hereof only against the Series C Bond Trust Estate. This Series B Bond does not constitute an indebtedness or a loan of the credit of the Authority, members of the Authority or the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt restrictions. Neither the faith and credit nor the taxing power of the Authority, members of the Authority or the State of California or any political subdivision thereof is pledged to the payment of principal of or interest on this Series B Bond.

This Series B Bond is one of a duly authorized issue of bonds of the Authority designated as “Independent Cities Finance Authority Mobile Home Park Revenue Bond (Vista de Santa Barbara Mobilehome Park), Series 2013B (Federally Taxable)” (the “Series B Bonds”), in the aggregate principal amount of \$_____ issued pursuant to Chapter 8 of Part 5 of Division 31 of the California Health and Safety Code, as amended and supplemented (the “Act”), and under and pursuant to an Indenture of Trust dated as of September 1, 2013 (the “Indenture”), by and between the Authority and Union Bank, N.A., as trustee (the “Trustee”), for the purpose of providing funds which, together with the proceeds of the Series A Bonds and the Series C Bonds (described below), will be used to make a loan to finance the acquisition and rehabilitation of the Vista de Santa Barbara Mobilehome Park located in the City of Carpinteria, California, fund the Repair and Replacement Fund and the Senior Bonds Debt Service Reserve Fund as set forth in the Indenture and pay a portion of the costs of issuance. Concurrently with the issuance of the Series B Bonds the Authority will also issue and deliver its \$_____ aggregate principal amount Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park), Series

2013A (the “Series A Bonds” and, together with the Series B Bonds, the “Senior Bonds”) and its \$ _____ aggregate principal amount Mobile Home Park Subordinate Revenue Bonds (Vista de Santa Barbara Mobilehome Park), Series 2013C (the “Series C Bonds”). The Series A Bonds, the Series B Bonds and the Series C Bonds are collectively referred to herein as the “Bonds.” The Senior Bonds are payable from, and secured by, the Senior Bonds Trust Estate on a parity basis. The Series C Bonds are issued on a subordinate basis to the Senior Bonds as set forth in the Indenture.

The owner of this Series B Bonds should make reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Act for a description of the pledge and covenants securing the Series B Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Series B Bonds with respect thereto and the terms and conditions upon which the Series B Bonds are issued. Copies of the Indenture are on file at the office of the Authority and at the principal corporate trust office of the Trustee, in Los Angeles, California, or its successor as trustee.

To the extent and in the manner permitted by the Indenture, the provisions of the Indenture or any Indenture amendatory thereof or supplemental thereto, may be amended by the Authority with the written consent of the owners of at least two-thirds in principal amount of the then outstanding Bonds and at least two-thirds in principal amount of the outstanding Senior Bonds. No such amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of principal amount of Bonds without the consent of the owners of which is required to effect any such amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written consent thereto.

The Series B Bonds are issuable only as fully registered bonds without coupons, in denominations of \$5,000 or any integral multiple thereof. Series B Bonds may be exchanged for an equal aggregate principal amount of Series B Bonds of the same maturity, of other Authorized Denominations (as defined in the Indenture) and bearing interest at the same rate at the Principal Office of the Trustee, in the manner and subject to the limitations and conditions provided in the Indenture and without cost except for any tax or other governmental charge.

The Series B Bonds shall be subject to mandatory redemption, at the option of the Authority, at the request of the Borrower, prior to the stated maturities thereof on a pro rata basis, in whole or in part at any time, on the earliest practicable date for which notice of redemption can be given as provided in the Indenture at a Redemption Price equal to 100% of the Principal Amount of such Bonds or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium, in a Principal Amount having an aggregate Redemption Price equal to the amount of moneys which are deposited in or transferred to the Redemption Fund, to the extent of any moneys in the Series C Bonds Redemption Fund constituting Subordinate Residual Net Proceeds or Subordinate Residual Prepayments. The Trustee shall apply any such amounts described above in accordance with applicable provisions of the Indenture from time to time as directed by a certificate of a Borrower’s Representative,

with notice to the Authority; provided, however, that such amount to be applied to such redemption shall be rounded to the next lower Authorized Denomination.

The Series B Bonds maturing _____ 15 in each of the years 20__ and 20__ (collectively, the "Term Bonds") are subject to mandatory sinking fund redemption by application of the Sinking Fund Installments as provided in the Indenture on the dates set forth therein, at a Redemption Price equal to 100% of the Principal Amount of each Term Bond or portion thereof to be redeemed, plus accrued interest to the date of redemption thereof, without premium, on the respective dates and in the amounts set forth in the Indenture.

The Series B Bonds maturing on or after _____ 15, 20__, are subject to redemption by the Authority at the request of the Borrower, prior to the stated maturities thereof as may be directed by the Authority, in whole or in part on any date on or after _____ 15, 20__, at a redemption price equal the principal amount of each Series A Bond or portion thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

If any or all of the Bonds are to be redeemed prior to maturity, the Trustee shall give notice, which notice shall specify the maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable, whether such redemption is conditioned upon the availability of funds for such purpose on the redemption date and, if less than all of the Bonds of any maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the Principal Amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the Principal Amount thereof in the case of Bonds to be redeemed in part only, together with interest accrued on such Bonds to the redemption date, and that from and after such date interest on such Bonds shall cease to accrue and be payable; provided that, if the redemption is conditioned upon funds being available therefor no later than the opening of business on the redemption date, the notice shall so state. The Trustee shall mail a copy of such notice, by first class mail, postage prepaid, not less than thirty (30) days nor more than forty-five (45) days before the redemption date, to the Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration book. Failure to give such notice with respect to any Bonds, or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bonds.

With respect to any optional redemption of Bonds, if at the time of mailing such notice of redemption, the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The Act provides that neither the issuing officer nor any person executing the Bonds shall be liable personally on the Bonds.

The transfer of this Series B Bond is registrable by the Registered Owner hereof in person or by his attorney or legal representative at the Principal Office of the Trustee but only in

the manner and subject to the limitations and conditions provided in the Indenture and upon surrender and cancellation of this Series B Bond. Upon any such registration of transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for this Series B Bond a new registered Series B Bond without coupons, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Series B Bond, of the same series and maturity and bearing interest at the same rate.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Series B Bond, exist, have happened and have been performed and that the issue of the Series B Bonds, of which this is one, together with all other indebtedness of the Authority is within every debt and other limit prescribed by the laws of the State of California.

This Series B Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Series B Bond shall have been authenticated by the manual execution by the Trustee of the Certificate of Authentication attached hereto.

IN WITNESS WHEREOF, the Authority has caused this Series B Bond to be signed in its name and on its behalf by the facsimile signature of the President and attested to by the facsimile signature of the Secretary of the Authority and has caused this Series B Bond to be dated as of September __, 2013.

INDEPENDENT CITIES FINANCE AUTHORITY

By: _____
President

ATTEST:

By: _____
Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within-mentioned Indenture.

Date of Authentication:

UNION BANK, N.A., as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____

_____ attorney, to transfer the same on the books of the

Trustee, with full power of substitution in the premises.

Dated: _____

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee. _____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT C

FORM OF SERIES C BOND

RC-1

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IF REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

INDEPENDENT CITIES FINANCE AUTHORITY
MOBILE HOME PARK SUBORDINATE REVENUE BOND
(Vista de Santa Barbara Mobilehome Park)
SERIES 2013C

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP NO.</u>
_____ %	_____ 15, 20__	September __, 2013	

REGISTERED OWNER:

CEDE & CO.

PRINCIPAL SUM:

THE INDEPENDENT CITIES FINANCE AUTHORITY (the "Authority"), a joint powers authority organized and existing under the laws of the State of California, for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner named above or registered assigns or legal representative, on the Maturity Date specified above, upon the presentation and surrender hereof, the Principal Sum specified above and to pay by check mailed to the person in whose name this Series C Bond is registered at the close of business on the first day (whether or not a business day) of the calendar month in which each interest payment date occurs, solely from the sources and to the extent of such amounts described in the Indenture (described below), interest on said sum from the date hereof at the Interest Rate per annum specified above, payable on the fifteenth day of each _____ and _____ in each year, commencing _____ 15, 2013, to the extent of Subordinate Residual Revenues available for payment, until said Principal Sum is paid. In the event that the Subordinate Residual

Revenues are not sufficient to pay the accrued interest due and payable on this Series C Bond on an Interest Payment Date remains, such unpaid interest shall be deferred. Nonpayment of interest on this Series C Bond on any Interest Payment Date due to insufficient Subordinate Residual Revenues shall not be an Event of Default under the Indenture. Unpaid principal and interest on this Bond are subject to deemed redemption and discharge as provided in the Indenture. Principal and any redemption premium and interest with respect to this Series C Bond are payable at the principal corporate trust office in Los Angeles, California, of Union Bank, N.A., as Trustee, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Capitalized terms used herein and not defined shall have the meanings given to such terms in the Indenture.

THIS SERIES C BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM THE SUBORDINATE RESIDUAL REVENUES, SUBORDINATE RESIDUAL PREPAYMENTS AND SUBORDINATE RESIDUAL NET PROCEEDS (AS DEFINED IN THE INDENTURE HEREINAFTER DESCRIBED) AND MONEYS, FUNDS AND ACCOUNTS PLEDGED BY THE INDENTURE. THE STATE OF CALIFORNIA IS NOT OBLIGATED TO PAY THE PRINCIPAL OF THIS SERIES C BOND NOR THE INTEREST THEREON, NOR ARE THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS SERIES C BOND.

This Series C Bond and the issue of which it forms a part is a limited obligation of the Authority, giving rise to no pecuniary liability of the State of California or any political subdivision thereof (other than the Authority, to the limited extent set forth in the Indenture), nor any charge against its general credit, is payable solely from, and a valid claim of the Registered Owner hereof only against the Series C Bond Trust Estate. This Series C Bond does not constitute an indebtedness or a loan of the credit of the Authority, members of the Authority or the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt restrictions. Neither the faith and credit nor the taxing power of the Authority, members of the Authority or the State of California or any political subdivision thereof is pledged to the payment of principal of or interest on this Series C Bond.

This Series C Bond is one of a duly authorized issue of bonds of the Authority designated as “Independent Cities Finance Authority Mobile Home Park Subordinate Revenue Bond (Vista de Santa Barbara Mobilehome Park), Series 2013C” (the “Series C Bonds”), in the aggregate principal amount of \$_____ issued pursuant to Chapter 8 of Part 5 of Division 31 of the California Health and Safety Code, as amended and supplemented (the “Act”), and under and pursuant to an Indenture of Trust dated as of September 1, 2013 (the “Indenture”), by and between the Authority and Union Bank, N.A., as trustee (the “Trustee”), for the purpose of providing funds which, together with the proceeds of the Series A Bonds and the Series B Bonds (described below), will be used to make a loan to finance the acquisition and rehabilitation of the Vista de Santa Barbara Mobilehome Park located in the City of Carpinteria, California, fund the Repair and Replacement Fund and the Senior Bonds Debt Service Reserve Fund as set forth in the Indenture and pay a portion of the costs of issuance. Concurrently with the issuance of the Series C Bonds the Authority will also issue and deliver its \$_____ aggregate principal

amount Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park), Series 2013A (the “Series A Bonds”) and its \$ _____ aggregate principal amount Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park), Series 2013B (Federally Taxable) (the “Series B Bonds” and, together with the Series A Bonds referred to as the “Senior Bonds”). The Series A Bonds, the Series B Bonds and the Series C Bonds are collectively referred to herein as the “Bonds.” The Senior Bonds are payable from, and secured by, the Senior Bonds Trust Estate on a parity basis. The Series C Bonds are issued on a subordinate basis to the Senior Bonds as set forth in the Indenture.

The owner of this Series C Bonds should make reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Act for a description of the pledge and covenants securing the Series C Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Series C Bonds with respect thereto and the terms and conditions upon which the Series C Bonds are issued. Copies of the Indenture are on file at the office of the Authority and at the principal corporate trust office of the Trustee, in Los Angeles, California, or its successor as trustee.

To the extent and in the manner permitted by the Indenture, the provisions of the Indenture or any Indenture amendatory thereof or supplemental thereto, may be amended by the Authority with the written consent of the owners of at least two-thirds in principal amount of the then outstanding Bonds and at least two-thirds in principal amount of the outstanding Senior Bonds. No such amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of principal amount of Bonds without the consent of the owners of which is required to effect any such amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written consent thereto.

The Series C Bonds are issuable only as fully registered bonds without coupons, in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. Series C Bonds may be exchanged for an equal aggregate principal amount of Series C Bonds of the same maturity, of other Authorized Denominations (as defined in the Indenture) and bearing interest at the same rate at the Principal Office of the Trustee, in the manner and subject to the limitations and conditions provided in the Indenture and without cost except for any tax or other governmental charge.

The Indenture limits the transfer of the Series C Bonds as set forth in Section 3.3.A thereof.

The Series C Bonds shall be subject to mandatory redemption, at the option of the Authority, at the request of the Borrower, prior to the stated maturities thereof on a pro rata basis, in whole or in part at any time, on the earliest practicable date for which notice of redemption can be given as provided in the Indenture at a Redemption Price equal to 100% of the Principal Amount of such Bonds or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium, in a Principal Amount having an aggregate Redemption Price equal to the amount of moneys which are deposited in or transferred to the

Redemption Fund, to the extent of any moneys in the Series C Bonds Redemption Fund constituting Subordinate Residual Net Proceeds or Subordinate Residual Prepayments. The Trustee shall apply any such amounts described above in accordance with applicable provisions of the Indenture from time to time as directed by a certificate of a Borrower's Representative, with notice to the Authority; provided, however, that such amount to be applied to such redemption shall be rounded to the next lower Authorized Denomination.

The Series C Bonds are subject to targeted mandatory sinking fund redemption by application of the targeted Sinking Fund Installments as provided in the Indenture on the dates set forth therein, at a Redemption Price equal to 100% of the Principal Amount of each Series C Bond or portion thereof to be redeemed, plus accrued interest to the date of redemption thereof, without premium, on the respective dates and in the amounts set forth in the Indenture.

The Series C Bonds shall be subject to redemption, at the option of the Authority at the request of the Borrower, prior to the stated maturities thereof, as may be directed by the Authority, at the request of the Borrower, in whole or in part, on any date, at a Redemption Price equal to the principal amount to be redeemed, subject to the availability of funds on the redemption date, plus accrued interest thereon to the date fixed for redemption without premium.

THE SERIES C BONDS ARE SUBJECT TO DEEMED REDEMPTION PURSUANT TO SECTION 4.1(d) OF THE INDENTURE IN THE EVENT OF A SENIOR BONDS EVENT OF DEFAULT RESULTING IN A FORECLOSURE OR OTHER SALE OF THE PROJECT PURSUANT TO THE DEED OF TRUST AND APPLICATION OF THE PROCEEDS THEREOF AND OTHER MONEYS HELD UNDER THE INDENTURE AS PROVIDED IN THE INDENTURE. SUCH DEEMED REDEMPTION WILL RESULT IN THE CANCELLATION OF ANY THEN OUTSTANDING SERIES C BONDS WITHOUT ANY THEN REMAINING UNPAID PRINCIPAL OF OR INTEREST ON SUCH SERIES C BONDS BEING PAID.

If any or all of the Bonds are to be redeemed prior to maturity, the Trustee shall give notice, which notice shall specify the maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable, whether such redemption is conditioned upon the availability of funds for such purpose on the redemption date and, if less than all of the Bonds of any maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the Principal Amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the Principal Amount thereof in the case of Bonds to be redeemed in part only, together with interest accrued on such Bonds to the redemption date, and that from and after such date interest on such Bonds shall cease to accrue and be payable; provided that, if the redemption is conditioned upon funds being available therefor no later than the opening of business on the redemption date, the notice shall so state. The Trustee shall mail a copy of such notice, by first class mail, postage prepaid, not less than thirty (30) days nor more than forty-five (45) days before the redemption date, to the Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration

book. Failure to give such notice with respect to any Bonds, or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bonds.

With respect to any optional redemption of Bonds, if at the time of mailing such notice of redemption, the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The Act provides that neither the issuing officer nor any person executing the Bonds shall be liable personally on the Bonds.

The transfer of this Series C Bond is registrable by the Registered Owner hereof in person or by his attorney or legal representative at the Principal Office of the Trustee but only in the manner and subject to the limitations and conditions provided in the Indenture and upon surrender and cancellation of this Series C Bond. Upon any such registration of transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for this Series C Bond a new registered Series C Bond without coupons, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Series C Bond, of the same series and maturity and bearing interest at the same rate. The Indenture limits the transfer of the Series C Bonds as set forth in Section 3.3.A thereof.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Series C Bond, exist, have happened and have been performed and that the issue of the Series C Bonds, of which this is one, together with all other indebtedness of the Authority is within every debt and other limit prescribed by the laws of the State of California.

This Series C Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Series C Bond shall have been authenticated by the manual execution by the Trustee of the Certificate of Authentication attached hereto.

IN WITNESS WHEREOF, the Authority has caused this Series C Bond to be signed in its name and on its behalf by the facsimile signature of the President and attested to by the facsimile signature of the Secretary of the Authority and has caused this Series C Bond to be dated as of September __, 2013.

INDEPENDENT CITIES FINANCE AUTHORITY

By: _____
President

ATTEST:

By: _____
Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within-mentioned Indenture.

Date of Authentication:

UNION BANK, N.A., as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____

_____ attorney, to transfer the same on the books of the

Trustee, with full power of substitution in the premises.

Dated: _____

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee. _____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT D

INVESTMENT LETTER

INDEPENDENT CITIES FINANCE AUTHORITY
MOBILE HOME PARK SUBORDINATE REVENUE BONDS
(VISTA DE SANTA BARBARA MOBILEHOME PARK)
SERIES 2013C

[DATE]

Independent Cities Finance Authority
Palmdale, California

Union Bank, N.A., as Trustee
Los Angeles, California

Ballard Spahr LLP

Newcomb Williams Financial Group
Carlsbad, California

Ladies and Gentlemen:

The undersigned (the “Purchaser”) has agreed to purchase from the Independent Cities Finance Authority (the “Authority”), and the Authority has agreed to sell to the Purchaser, \$ _____ of the above captioned bonds (the “Series C Bonds”), such Series C Bonds are issued under an Indenture of Trust dated as of September 1, 2013 (the “Indenture”) between the Authority and Union Bank, N.A., as Trustee. The Series C Bonds are subject to the terms, including, without limitation, the redemption provisions, interest rates, maturity dates and security, described in the Indenture. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

The Purchaser represents and warrants that:

(1) The Purchaser has the ability to bear the economic risks of an investment in the Series C Bonds.

(2) The Purchaser has sufficient knowledge and experience in financial and business matters, to be able to evaluate the economic risks and merits of the investment represented by the purchase of the Series C Bonds.

(3) The Purchaser has made its own inquiry and analysis with respect to the Series C Bonds, the Vista de Santa Barbara Mobilehome Park located in Carpinteria, California (the “Project”), Subordinate Residual Revenues (as defined in the Indenture) which are expected to be the sole source of repayment for the Series C Bonds and which Project is the sole security for

the Series C Bonds, the purpose for which the Series C Bonds are issued, and other material factors affecting the security and payment of the Series C Bonds, and the Purchaser has not relied upon any statement by you, your officers, directors or employees, or your bond counsel, Ballard Spahr LLP (“Ballard Spahr”), or your underwriter of the Senior Bonds, Newcomb Williams Financial Group (the “Underwriter”), in connection with such inquiry or analysis or in connection with the Purchaser’s purchase of the Series C Bonds, except as is contained in the Indenture, the Loan Agreement, the Regulatory Agreement and the certificates of the Authority delivered on the Closing Date. The price at which the initial Purchaser is purchasing the Series C Bonds is not more than their fair market value as of the date hereof, which purchase price is being paid by the initial Purchaser by the transfer of ownership of the Project to the Borrower to the extent the payment of the purchase price for the transfer of ownership of the Project was not also paid with proceeds of the Series A Bonds.

(4) The Purchaser has had access to all necessary information that it desires in order to enable it to make an informed investment decision concerning investment in the Series C Bonds and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the purpose for which the Series C Bonds are issued, the Project, the Borrower, the Series C Bonds, and the security therefor, so that the Purchaser has been able to make an informed decision to purchase the Series C Bonds.

(5) The Purchaser understands that the Project may be subject to rent restrictions pursuant to provisions of the municipal code of the City of Carpinteria (the “Rent Controls”) and the Purchaser is familiar with the Rent Controls and their potential effect on the Project, its operations and the revenues of the Project.

(6) The Purchaser understands that the Project is subject to the provisions of the Regulatory Agreement, including, without limitation, provisions therein which require that certain units in the Project be rented to low and very low income tenants and which also restrict the amount of rent which may be charged for certain units in the Project.

(7) The Purchaser understands that the Series C Bonds (a) are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state due to exemptions from registration provided for therein, (b) will not be listed on any stock or other securities exchange, and (c) may not be readily marketable.

(8) The Purchaser is purchasing the Series C Bonds for its own account and not with a view to, and with no present intention of, selling, pledging, transferring, conveying, hypothecating, mortgaging, disposing, reoffering, distributing or reselling the Series C Bonds, or any part or interest thereof.

(9) The Purchaser has no present intention of transferring any interest in the Purchaser.

(10) The Purchaser further acknowledges that it is responsible for consulting with its advisors concerning any obligations, including, but not limited to, any obligations pursuant to federal and state securities and income tax laws, it may have with respect to subsequent

purchasers of the Series C Bonds if and when any such future disposition of the Series C Bonds may occur.

(11) The Purchaser hereby acknowledges that the Series C Bonds are subordinate to the Series A Bonds as set forth in the Indenture. The Series C Bonds are subject to deemed mandatory redemption upon the occurrence of a Series A Bonds Event of Default resulting in a foreclosure or other sale of the Project pursuant to the Deed of Trust and application of such proceeds and other moneys under the Indenture, such deemed redemption to be in the amount of any principal of and interest remaining unpaid on the Series C Bonds following such foreclosure or other sale of the Project pursuant to the Deed of Trust. In such event, Series C Bonds remaining unpaid shall be surrendered to the Trustee for cancellation without any further payment being made on such Series C Bonds. The Purchaser and its advisors have received and reviewed copies of the Indenture, the Loan Agreement and the Regulatory Agreement. The Purchaser understands that the Series C Bonds may be redeemed prior to the final maturity thereof as set forth in the Indenture.

(12) To the extent that Purchaser leases or rents any space within the Project, amounts due and unpaid on any such space may be offset against any interest due on the Series C Bonds.

(13) The Purchaser hereby acknowledges that it is aware that none of the Authority, Ballard Spahr or the Underwriter have made any independent investigation of the ability of the revenues derived from the Project to timely pay amounts owed with respect to the Series C Bonds. Therefore, because of such lack of “due diligence”, the Purchaser acknowledges that it has received no disclosure document in connection with its purchase of the Series C Bonds.

(14) The Purchaser agrees to indemnify and hold harmless the Authority, its members, agents, employees and consultants including but not limited to, Ballard Spahr and the Underwriter, from and against all liabilities, claims, damages, losses, penalties, costs and expenses, including, but not limited to, any attorneys’ fees, expenses and costs of appeal resulting from any inaccuracy in the representations and warranties of the Purchaser contained in this Investment Letter.

(15) The Purchaser agrees that the Series C Bonds shall not be transferred except as set forth in the Indenture and except any transferee or purchaser of Series C Bonds shall deliver to the Trustee and the Authority an executed investment letter in substantially the same form as this Investment Letter. Any transfer in violation of this requirement shall be null and void.

Very truly yours,

By: _____
Name: _____
Title: _____