Execution Version

FISCAL AGENT AGREEMENT

by and between the

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Fiscal Agent

Regarding the Issuance of

$93,000,000
Redevelopment Agency of the City of San José
Merged Area Redevelopment Project
Taxable Subordinate Housing Set-Aside
Tax Allocation
Variable Rate Bonds
Series 2010C

Dated as of April 1, 2010

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FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT, dated as of April 1, 2010, is by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSÉ (the "Agency"), a public body, corporate and politic, duly organized and existing under the laws of the State of California, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Fiscal Agent (the "Fiscal Agent").

RECITALS

WHEREAS, the Agency is a duly constituted public body, corporate and politic, established pursuant to the Community Redevelopment Law of the State of California (the "Law"), with powers to issue bonds for any of its corporate purposes; and

WHEREAS, the Redevelopment Plans for the redevelopment areas constituting the Merged Area Redevelopment Project in the City of San José, California (the "City"), have been adopted in compliance with all requirements of the Law; and

WHEREAS, the Law requires that not less than 20% of all taxes allocated to a redevelopment agency (the "Housing Set-Aside Amounts") be utilized to increase, improve and preserve the community's supply of low and moderate income housing available at affordable housing cost; and

WHEREAS, pursuant to that certain Cooperation Agreement, dated September 28, 1990, by and between the City and the Agency, as amended, the Agency extended its delegation of its statutory authority to administer the expenditure of Housing Set-Aside Amounts to the City; and

WHEREAS, the City has heretofore entered into loans to finance housing projects in order to increase and improve the supply of low and moderate income housing, such loans having been funded from Housing Set-Aside Amounts and other legally available moneys; and

WHEREAS, the Agency has outstanding, and may issue from time to time, its Housing Set-Aside Taxable Tax Allocation Bonds (the "Senior Obligations") pursuant to the Fiscal Agent Agreement, dated as of February 1, 1993, as supplemented and amended (as supplemented and amended from time to time, the "Senior Lien Fiscal Agreement"), between the Agency and Wells Fargo Bank, National Association, as successor fiscal agent thereunder (the "Senior Lien Fiscal Agent"); and

WHEREAS, to provide necessary funds to refinance housing loans as well as to finance or refinance other loans or programs implemented to increase, improve and/or preserve the supply of low and moderate income housing in the City, the Agency desires to issue its Merged Area Redevelopment Project Taxable Housing Set-Aside Tax Allocation Variable Rate Bonds, Series 2010C in the principal amount of $93,000,000 (the "Series 2010 Bonds"); and

WHEREAS, the Series 2010 Bonds will initially be issued in the Index Rate Mode and will be sold by the Agency in a private placement sale to Wells Fargo Bank, National Association (the "Bank Bond Holder"); and

WHEREAS, pursuant to Section 5903 of the Government Code, the Agency hereby determines that the 2010 Bonds will be bonds the interest on which will be subject to federal income taxation; and

WHEREAS, the Agency has determined that all acts and proceedings required by law necessary to make the 2010 Bonds, when executed by the Agency, and authenticated and delivered by the Fiscal Agent, the duly issued, valid, binding and legal special obligations of the Agency, and to constitute this Fiscal Agent Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Fiscal Agent Agreement have been in all respects duly authorized:

NOW, THEREFORE, in order to secure the payment of the principal of and the interest and premium, if any, on the 2010 Bonds, Parity Debt and all other obligations under this Fiscal Agent Agreement and all obligations owing to any Credit Provider, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2010 Bonds by the Holders thereof and the issuance of each Credit Facility by the related Credit Provider, if any, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Agency does hereby covenant and agree with the Fiscal Agent, for the benefit of the Holders from time to time of the 2010 Bonds and Parity Debt and with each Credit Provider, if any, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall have, for purposes of this Fiscal Agent Agreement and of any certificate, opinion or other document herein mentioned, the meanings herein specified.

"*2010 Bonds*" means the Series 2010C Bonds.

"*Additional Housing Set-Aside Amounts*" means, as of the date of calculation, the amount of Housing Set-Aside Amounts which, as shown in a Consultant's Report, are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Project Area due to either (a) construction which has been completed and for which a certificate of occupancy has been issued by the City but which is not then reflected on the tax rolls, or (b) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above the assessed valuation of taxable property in the Project Area (as evidenced in the written records of the County) as of the date on which such calculation is made.

"*Agency*" means the Redevelopment Agency of the City of San José, a public body, corporate and politic, duly organized and existing under the laws of the State of California.

"*Alternate Credit Facility*" means any letter of credit, committed line of credit, bond purchase agreement, surety bond, bond insurance policy or other instrument, or any combination thereof, under the terms of which the Fiscal Agent is authorized to receive payment of an amount sufficient to pay when and as due hereunder (a) the principal of the 2010 Bonds of any Series, (b) the interest on the 2010 Bonds of any Series, and (c) the purchase price of the 2010 Bonds of any Series upon the optional or mandatory tender thereof, including the principal amount and accrued interest thereon to the purchase date to the extent required to be paid hereunder.

"*Alternate Rate*" means, on any date of determination, 110% of One-Month LIBOR; provided that in no event shall the Alternate Rate exceed the Maximum Interest Rate.

"*Annual Debt Service*" means, with respect to Parity Debt then outstanding, for each twelve-month period, the sum of (1) the interest falling due on the outstanding Parity Debt (assuming that during any variable rate period for which the interest rate on the Parity Debt has not been determined a rate equal to the Assumed Rate, and assuming further that the outstanding Parity Debt is retired as scheduled, whether by maturity or by sinking account payment); and (2) the principal amount or accreted value of the outstanding Parity Debt, if any, falling due by their terms in such twelve month period, whether by maturity or by sinking account payment. The foregoing definition shall also be applied to Senior Obligations as appropriate *mutatis mutandum*.

"*Applicable Spread*" means initially 172 basis points (1.72%). The Applicable Spread is subject to adjustment based upon the then current Senior Obligations Rating. The Applicable Spread will be increased upon each downgrade of the Senior Obligations Rating below its current ratings of A (S&P), A2 (Moody's), or equivalent, to the Applicable Spread reflected below:

Credit Rating (S&P/Moody's)	Applicable Spread over One-Month LIBOR
A/A2 to A-/A3	220bps
A-/A3 to BBB+/Baa1	280bps

"*Assumed Rate*" means, for Tax-Exempt Parity Debt, a rate equal to the higher as of the date of calculation of: (1) the current, actual rate on the Parity Debt plus 100 basis points; (2) the average interest rate on the Parity Debt for the previous 12 months plus 100 basis points or (3) the average of SIFMA Municipal Swap Index for the past three years plus 100 basis points and, for Taxable Parity Debt, a rate equal to the higher as of the date of calculation of: (1) the current, actual rate on the Parity Debt plus 100 basis points; (2) the average interest rate on the Parity Debt for the previous 12 months plus 100 basis points or (3) the average of One-Month Libor for the past three years plus 100 basis points; provided that in no event shall the Assumed Rate exceed the maximum interest rate with respect to any Parity Debt.

"*Authorized Denomination*" means, with respect to each Series of 2010 Bonds, during any period while the 2010 Bonds of such Series bear interest at a Variable Rate other than a Long Rate, $100,000 or any integral multiple of $5,000 in excess thereof, and during any period while the 2010 Bonds of such Series bear interest at a Long Rate or a Fixed Rate, $5,000 or any integral multiple thereof.

"*Available Moneys*" means (1) moneys derived from payments under the Credit Facility and not commingled with any other funds; (2) moneys which have been held by the Fiscal Agent for at least one hundred and twenty-three (123) days and not commingled with any moneys so held for less than said period and during which period no petition in bankruptcy has been filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against the Agency, unless such petition or proceedings have been dismissed and all applicable appeal periods have expired without an appeal having been filed; (3) moneys as to which the Fiscal Agent has received an opinion of bankruptcy counsel acceptable to the Agency and the Rating Agency to the effect that the contemplated disbursement thereof pursuant to the Fiscal Agent Agreement will not be recoverable under Section 547 or 550 of the Bankruptcy Code; or (4) if a Credit Facility is not then in effect, any legally available funds of the Agency. The Agency or the City shall provide a Certificate to the Fiscal Agent, upon which it may conclusively rely, that such funds constitute Available Moneys.

"*Bank Bond Holder*" means the holder of the 2010 Bonds bearing interest in the Index Rate Mode. The initial Bank Bond Holder of the Series 2010 Bonds is Wells Fargo Bank, National Association (the "Initial Bank Bond Holder").

"*Bank Bonds*" means 2010 Bonds purchased with amounts drawn on a Credit Facility pursuant to Section 4.06 hereof and owned by the related Credit Provider or its transferees or nominees; following the remarketing of such 2010 Bonds to a Bondholder other than a Credit Provider, such 2010 Bonds shall no longer be Bank Bonds.

"*Bank Rate*" means, with respect to each Series of 2010 Bonds, the rate or rates per annum set forth in the Reimbursement Agreement for such Series at which interest accrues on unreimbursed drawings on the related Credit Facility or on Bank Bonds. The daily basis upon which the Bank Rate with respect to a Series of 2010 Bonds is calculated shall be as set forth in the related Reimbursement Agreement.

"*Beneficial Owner*" means the beneficial owner of 2010 Bonds held in book-entry form or the registered owner of 2010 Bonds held in certificated form.

"*Bondowner*," "*Owner*," "*Holder*" or "*Bondholder*" means, with respect to a 2010 Bond, the person in whose name such 2010 Bond shall be registered but shall during the Index Rate Mode be the Bank Bond Holder.

"*Bond Year*" means the 365 or 366 day period ending August 1.

"*Business Day*" means any day other than (i) a Saturday or a Sunday, (ii) a day on which commercial banks located in New York City, in the city in which the office of a Credit Provider where draws on a Credit Facility are made is located or in the city in which the Principal Office

of the Fiscal Agent is located are authorized or required by law to close, or (iii) a day on which the New York Stock Exchange is closed.

"Calculation Agent" means Wells Fargo Bank, National Association, or any other Person appointed by the Agency or the City, with the consent of the Bank Bond Holder, to serve as calculation agent with respect to Bonds in the Index Rate Mode.

"*Certificate*" or "*Certificate of the Agency/City*," "*Statement*" or "*Statement of the Agency/City*," "*Request*" or "*Request of the Agency/City*" and "*Requisition*" or "*Requisition of the Agency/City*" mean, respectively, a written certificate, statement, request or requisition signed in the name of the Agency by its Chair, Vice Chair, Executive Director, Assistant Executive Director or Chief Financial Officer, or such other person as may be designated in writing by one of such officers to the Fiscal Agent and the Credit Provider and authorized to sign for the Agency, or as appropriate, in the name of the City by its Director of Finance, Assistant Director of Finance or Administrative Officer of the Department of Housing, or such other person as may be designated in writing by one of such officers to the Fiscal Agent, any Bank Bond Holder and the Credit Provider, if any, and authorized to sign for the City. Any such instrument and supporting opinions or representations, if any, may be, but need not be, combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Any Certificate or Statement of the Agency or City may be based, insofar as it relates to legal or accounting matters, upon the opinion or representation of counsel or accountants, unless the officer signing such certificate or statement knows, or in the exercise of reasonable care should have known, that the opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. The same officer of the Agency or City, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Fiscal Agent Agreement, but different officers, counsel or accountants may certify to different facts.

"*City*" means the City of San José, a charter city and municipal corporation duly organized and existing under and by virtue of its charter and the Constitution of the State of California.

"*Closing Date*" means the date on which the 2010 Bonds are delivered to the original purchasers thereof.

"*Consultant's Report*" means, a report signed by an Independent Redevelopment Consultant.

"Continuing Covenant Agreement" means, during the Initial BBH Period, the Continuing Covenant Agreement dated as of April 1, 2010 between the Agency and the Bank Bond Holder, as the same may be amended or supplemented from time to time in accordance with its terms, and during any Index Rate Mode Period other than the Initial BBH Period, means any agreement between the Agency and the Bank Bond Holder which may be designated as the Continuing Covenant Agreement.

"*Continuing Disclosure Agreement*" means any Continuing Disclosure Agreement that may be entered into by the Agency and the Fiscal Agent.

"*Conversion Date*" means, with respect to each Series of 2010 Bonds, the applicable (i) Variable Rate Conversion Date and (ii) Fixed Rate Date.

"*Cooperation Agreement*" means the Cooperation Agreement, dated September 28, 1990, by and between the City and the Agency, as amended by the First Amendment to the Cooperation Agreement, dated December 28, 1990, and Second Amendment to the Cooperation Agreement, dated August 20, 1992, which Agreement is an extension of the 1987 delegation of authority by the Agency to the City to administer the Agency's Low and Moderate Income Housing Fund.

"*Costs of Issuance*" means all items of expense directly or indirectly payable by or reimbursable to the Agency or City and related to the authorization, issuance, sale and delivery of the 2010 Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, fees and charges of the Fiscal Agent, legal fees and expenses of the Fiscal Agent, legal fees and charges, fees and disbursements of consultants and professionals retained by or on behalf of the Agency or City, fees and charges of the Bank Bond Holder, legal fees and expenses of counsel to the Bank Bond Holder, and fees and charges for preparation, execution, transportation and safekeeping of the 2010 Bonds.

"*County*" means the County of Santa Clara.

"*Credit Facility*" means, with respect to 2010 Bonds of any Series, the letter of credit, if any, then in effect with respect to such Series, or any Alternate Credit Facility issued with respect to such Series. There may at any one time be one Credit Facility in effect with respect to one or more Series of 2010 Bonds, a separate Credit Facility in effect with respect to each Series of 2010 Bonds, or any combination thereof.

"*Credit Facility Bond Payment Account*" means each account by that name created pursuant to Section 5.04 hereof.

"*Credit Facility Fund*" means the fund by that name established pursuant to Section 5.04 hereof and held by the Fiscal Agent.

"*Credit Facility Proceeds Account*" means each account by that name created pursuant to Section 4.06(f) hereof.

"*Credit Provider*" means, with respect to any Series of 2010 Bonds, (i) the institution issuing a Credit Facility or an Alternate Credit Facility then in effect for such Series. All references to a Credit Provider in this Fiscal Agent Agreement shall be of no force and effect whatsoever during any period of time during which (a) no Credit Facility is in existence, or the related Credit Facility shall have expired in accordance with its terms and been returned to such Credit Provider for cancellation, or the Fiscal Agent shall have otherwise released such Credit Provider from liability thereunder, and, in each case, all of the reimbursement obligations of the Agency shall have been paid under and as defined in the related Reimbursement Agreement and

no other amounts shall be due and payable to such Credit Provider under such Reimbursement Agreement, or (b) such Credit Provider shall have wrongfully dishonored a draw on the related Credit Facility.

"*Daily Rate*" means, with respect to any Series of 2010 Bonds, an interest rate that is determined for such Series of 2010 Bonds on each Business Day pursuant to Section 2.03(b).

"*Daily Rate Conversion Date*" means, with respect to any Series of 2010 Bonds, the day on which interest on such Series of 2010 Bonds begins to accrue at a Daily Rate following conversion from a different Variable Rate pursuant to Section 2.03(h).

"*Daily Rate Period*" means, with respect to any Series of 2010 Bonds, each period during which interest on such Series of 2010 Bonds is payable or is accrued at a Daily Rate.

"*Depository*" means any securities depository appointed to act as Depository under Section 2.11 hereof.

"*Fiscal Agent*" means the Fiscal Agent under this Fiscal Agent Agreement with the duties and powers herein prescribed, its successors and assigns and any other corporation or association which may at any time be substituted in its place as provided in Section 8.01.

"*Fiscal Agent Agreement*" means this Fiscal Agent Agreement as originally executed or as it may from time to time be supplemented or amended pursuant to the provisions hereof.

"*Fiscal Year*" means the period beginning July 1 of each year and ending on the next succeeding June 30.

"*Fixed Rate*" means the interest rate borne by the 2010 Bonds of a Series from and after the applicable Fixed Rate Date for such Series and determined in accordance with Section 2.03(i).

"*Fixed Rate Bonds*" means 2010 Bonds of a Series bearing interest at the Fixed Rate for such Series.

"*Fixed Rate Date*" means the date on which 2010 Bonds of a Series begin to bear interest at the Fixed Rate for such Series.

"*Flexible Rate*" means, with respect to any Series of 2010 Bonds, an interest rate that is determined for such Series of 2010 Bonds pursuant to Section 2.03(e).

"*Flexible Rate Conversion Date*" means the day on which interest on 2010 Bonds of a Series begin to accrue at a Flexible Rate for such Series following conversion from a different Variable Rate pursuant to Section 2.03(h).

"*Flexible Rate Period*" means, with respect to any Series of 2010 Bonds, each period during which interest on the 2010 Bonds of such Series is payable or is accrued at a Flexible Rate for such Series.

"*Government Obligations*" means and includes any of the following securities, if and only if and to the extent the same are investments permitted by the City's Investment Policy (as defined in this Section 1.01): cash; State and Local Government Series notes issued by the United States Treasury; United States Treasury bills, notes and bonds as traded on the open market; and zero coupon United States Treasury bonds.

"*Housing Project*" means those projects approved and assisted by the City under the Cooperation Agreement, which increase, improve and/or preserve the supply of low and moderate income housing within the City and such other uses as may lawfully be expended in accordance with the Law.

"*Housing Set-Aside Amounts*" means the portion of Tax Increment Revenues required to be set-aside and deposited in the Low and Moderate Income Housing Fund pursuant to Section 33334.2 *et seq.* and 33487 of the Law, but in any event an amount equal to 20% of the Tax Increment Revenues.

"*Independent Redevelopment Consultant*" means a consultant or firm of such consultants which is recognized in the field of redevelopment consulting or otherwise approved in writing by the Bank Bond Holder and well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, appointed and paid by the Agency or City, and who, or each of whom:

(1) is in fact independent, and not under domination of the Agency or the City;

(2) does not have any substantial financial interest, direct or indirect, with the Agency or City, other than in connection with providing services to the Agency or City; and

(3) is not connected with the Agency or City as a board member of the Agency or as a member of the City Council of the City, or as an officer or employee of the Agency or the City , but who may be regularly retained to make annual or other reports to the Agency or City.

"*Independent Public Accountant*" means any certified public accountant or public accountant or firm of such accountants retained and paid by the Agency or the City, and who, or each of whom:

(1) is in fact independent, and not under domination of the Agency or the City;

(2) does not have any substantial financial interest, direct or indirect, with the Agency or City, other than in connection with providing services to the Agency or City; and

(3) is not connected with the Agency or the City as a board member of the Agency or as a member of the City Council of the City, or as an officer or employee of

the Agency or the City, but who may be regularly retained to make annual or similar audits of any of the books of the Agency or the City.

"Index Rate" means, for each Index Rate Period, a per annum rate of interest equal to the sum of (a) One-Month LIBOR plus (b) the Applicable Spread. The Index Rate shall be reset on the Index Rate Reset Date based upon One-Month LIBOR on the Index Rate Reference Date for such Index Rate Period. The Agency and the Bank Bond Holder may agree in writing to a change in the Index Rate, in a supplement or amendment to this Fiscal Agent Agreement or to the Continuing Covenant Agreement, respectively.

"Index Rate Conversion Date" means the day on which interest on a Series of the 2010 Bonds begins to accrue at an Index Rate following conversion pursuant to Section 2.03(h).

"Index Rate Mode" means the interest rate mode of a Series of the Bonds that are bearing interest at the Index Rate, the Initial BBH Period Bank Rate or the Index Rate Mode Default Rate.

"Index Rate Mode Default Rate" means the "Default Rate" as such term is defined in the Continuing Covenant Agreement.

"Index Rate Mode Period" means the Initial BBH Period and any other period a Series of the Bonds bear interest in the Index Rate Mode.

"Index Rate Period" means the period from and including the first day of each calendar month to and including the last day of such calendar month; provided, however, that the initial Index Rate Period means the period from and including the Closing Date to and including April 30, 2010; and provided further that no Index Rate Period shall extend beyond the Initial BBH Period Tender Date.

"Index Rate Reference Date" means, with respect to the Index Rate for any Index Rate Period, two London Business Days before the first day of such Index Rate Period.

"Index Rate Reset Date" means the first day of an Index Rate Period.

"Initial BBH Period Bank Rate" means (i)(A) from and until 90 days after the Initial Period Tender Date, the Base Rate (as defined in the Continuing Covenant Agreement), (B) from the 91st day and until the 180th day after the Initial Period Tender Date, the Base Rate plus 1.00% and (C) from the 181st day after the Initial Period Tender Date and thereafter the Base Rate plus 2.00%, and (ii) from and after an Event of Default or the date any principal or interest on the 2010 Bonds is due and payable, the Initial Rate Mode Default Rate; provided, however that, notwithstanding the foregoing, the Initial BBH Period Bank Rate for any period shall never be less than the per annum interest rate which would have been payable in respect of the 2010 Bonds had the 2010 Bonds been accruing interest for such period at the Index Rate.

"Initial BBH Period" or "Initial Bank Bond Holder Period" means the initial Index Rate Mode Period commencing on the Closing Date and ending on the Initial BBH Period Ending Date.

"*Initial BBH Period Ending Date*" means the date upon which the entire principal amount of and accrued interest on the 2010 Bonds and all amounts owing to the Bank Bond Holder under this Fiscal Agent Agreement or the Continuing Covenant Agreement have been indefeasibly paid in full and the Continuing Covenant Agreement has been terminated in accordance with its terms. The "Initial BBH Period Ending Date" may be a Conversion Date and an Interest Payment Date, in accordance with the terms of this Fiscal Agent Agreement.

"*Initial BBH Period Tender Date*" means April 29, 2013 or such other date agreed to in writing by the Agency and the Bank Bond Holder in any supplement or amendment to this Fiscal Agent Agreement or the Continuing Covenant Agreement.

"*Interest Payment Date*" for any Series of 2010 Bonds means (i) when used with respect to a Series of 2010 Bonds bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate, the first Business Day of each month, commencing with the first such date following a conversion of the interest rate borne by such 2010 Bond to such rate, and the maturity or redemption date thereof and, with respect to a Series of 2010 Bonds bearing interest at a Daily Rate or a Weekly Rate, any date on which 2010 Bonds of such Series are subject to mandatory tender for purchase pursuant to Section 4.06(d)(1) or 4.06(d)(2) hereof; (ii) when used with respect to any Series of 2010 Bonds bearing interest at a Flexible Rate, the Business Day following each Rate Period and, if applicable, the maturity or redemption date thereof; (iii) when used with respect to any Series of 2010 Bonds bearing interest at a Semiannual Rate, a Long Rate or a Fixed Rate, August 1 and February 1 of each year, commencing on the first February 1 or August 1 which is at least two months after the applicable Conversion Date and, if applicable, the maturity or redemption date thereof (or such dates specified in a Certificate of the Agency or City); (iv) when used with respect to Bank Bonds, any date on which any interest on such Bank Bonds is due under the applicable Reimbursement Agreement; and (v) when used with respect to any Series of 2010 Bonds bearing interest in an Index Rate Mode, each August 1, November 1, February 1 and May 1, commencing August 1, 2010, and on the maturity, acceleration or redemption of such 2010 Bonds or the date on which such 2010 Bonds are tendered for purchase.

"*Interest Payment Period*" means, (i) for all 2010 Bonds (except Bank Bonds) of any Series, the period commencing on the last Interest Payment Date (or from the Closing Date, as applicable) to, but not including, the Interest Payment Date on which interest is to be paid; and (ii) with respect to Bank Bonds of any Series, the interest periods identified as such in the related Reimbursement Agreement.

"*Interest Rate Mode*" means the interest rate mode of a Series of Bonds, including Variable Rate and Fixed Rate.

"*Investment Policy*" means the City's Investment Policy, as most recently adopted and as it may hereafter be amended.

"*Investor Letter*" means a letter substantially in the form of the letter attached hereto as Exhibit C.

"*Law*" means the Community Redevelopment Law (being Division 24 of the Health and Safety Code) of the State of California, as amended.

"London Business Day" means any Business Day on which commercial banks are open for business in London, England.

"*Long Rate*" means, with respect to any Series of 2010 Bonds, an interest rate that is determined for such Series of 2010 Bonds on the basis of a term of one year or more pursuant to Section 2.03(g).

"*Long Rate Conversion Date*" means the day on which interest on the 2010 Bonds of a Series begins to accrue at a Long Rate for such Series following conversion from a different Variable Rate pursuant to Section 2.03(h).

"*Long Rate Period*" means, with respect to any Series of 2010 Bonds, each period during which interest on the 2010 Bonds of such Series is payable or is accrued at a Long Rate for such Series.

"*Low and Moderate Income Housing Fund*" means the Low and Moderate Income Housing Fund established with respect to the Merged Area Redevelopment Project all in accordance with Sections 33334.2 *et seq.* and 33487 of the Law.

"Majority Bondowners" means the Initial Bank Bond Holder or, at any time that the Initial Bank Bond Holder is not the sole Bondowner of the 2010 Bonds, the Beneficial Owners of a majority of the aggregate principal amount of the 2010 Bonds then Outstanding.

"*Mandatory Tender Date*" means the date on which 2010 Bonds of a Series are subject to mandatory tender for purchase pursuant to Section 4.06(d).

"*Mandatory Tender Notice*" means notice of any mandatory tender of 2010 Bonds pursuant to Section 4.06(d), which notice satisfies the requirements of Section 4.06(j).

"*Maturity Date*" means the stated maturity date of any 2010 Bond.

"*Maximum Annual Debt Service*" means, with respect to any combination of Series of 2010 Bonds or Parity Debt or Senior Obligations, the largest Annual Debt Service during the period from the date of such determination through the final maturity date of such 2010 Bonds or Parity Debt or Senior Obligations.

"*Maximum Interest Rate*" means twelve percent (12%) per annum.

"*Monthly Rate*" means, with respect to any Series of 2010 Bonds, an interest rate that is determined for the 2010 Bonds of such Series on a monthly basis pursuant to Section 2.03(d).

"*Monthly Rate Conversion Date*" means the day on which interest on the 2010 Bonds of a Series begins to accrue at a Monthly Rate for such Series following conversion from a different Variable Rate pursuant to Section 2.03(h).

"*Monthly Rate Period*" means, with respect to any Series of 2010 Bonds, each period during which interest on the 2010 Bonds of a Series is payable or is accrued at a Monthly Rate for such Series.

"*Moody's*" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Agency or City and approved by the Bank Bond Holder during the Initial BBH Period and otherwise by each of the Credit Providers, which approval shall not be unreasonably withheld.

"*Nominee*" means the nominee of the Depository as determined from time to time in accordance with Section 2.11.

"*One-Month LIBOR*" "*One-Month LIBOR*" means the rate of interest per annum (rounded upward, if necessary, to the nearest 1/8 of 1%) and determined pursuant to the following formula:

One-Month LIBOR equals Base LIBOR divided by (100% minus the LIBOR Reserve Percentage), where:

(i) "Base LIBOR" means the rate per annum for United States dollar deposits having a maturity of one month equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Bank Bond Holder from time to time) at approximately 11:00 a.m., London time, on the Index Rate Reference Date for delivery of funds on the Index Rate Reset Date for a period of time approximately equal to the number of days in such Index Rate Period and in an amount approximately equal to the principal amount to which such Index Rate Period applies. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank Bond Holder; and

(ii) "LIBOR Reserve Percentage" means any reserve percentage, as may be prescribed by the Board of Governors of the Federal Reserve System (or any successor) for "Eurocurrency Liabilities" (as defined in Regulation D of the Federal Reserve Board, as amended), adjusted by the Bank Bond Holder for expected changes in such reserve percentage during the applicable specified term.

"*Opinion of Bond Counsel*" means a written opinion of an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to obligations issued by states and their political subdivisions and the exclusion from gross income for federal income tax purposes of interest on such obligations. Any Opinion of Bond Counsel may be based, insofar as it relates to factual matters, upon certifications by an officer or officers of the Agency or City.

"*Opinion of Counsel*" means a written opinion of the Agency's General Counsel or other counsel retained by the Agency or City. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon certifications by an officer or officers of the Agency or City.

"*Optional Tender Date*" means any date on which a 2010 Bond is to be purchased pursuant to Section 4.06(a).

"*Optional Tender Notice*" means written irrevocable notice from the Owner of any 2010 Bond meeting the requirements of Section 4.06(b).

"*Outstanding*," when used as of any particular time with reference to 2010 Bonds, means (subject to the provisions of Section 9.02) all 2010 Bonds theretofore executed, issued and delivered by the Agency under this Fiscal Agent Agreement except:

(1) 2010 Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;

(2) 2010 Bonds for the payment or redemption of which funds in the necessary amount shall have been deposited theretofore with the Fiscal Agent (whether upon or prior to the maturity or redemption date of such 2010 Bonds), provided, that if such 2010 Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or some other provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice;

(3) Untendered Bonds; and

(4) 2010 Bonds in lieu of or in substitution for which other 2010 Bonds shall have been executed, issued and delivered by the Agency pursuant to Section 2.09 and 2.10.

"*Parity Debt*" means the 2010 Bonds and any indebtedness, installment sale obligation, lease obligation or other obligation of the Agency incurred pursuant to Section 3.05 hereof and having an equal lien and charge upon the Subordinate Housing Set-Aside Amounts and therefore payable on a parity with the 2010 Bonds or an obligation of the Agency the regularly scheduled payments of which are payable on a parity with the 2010 Bonds.

"*Participants*" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds 2010 Bonds as a securities depository.

"*Permitted Investments*" means any investment which at the time acquired or made are legal investments for the Agency and the City under applicable State of California laws and are permitted by the Investment Policy (unless compliance with the Investment Policy is waived for an investment by resolution of the Agency or City).

"*Person*" means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"*Principal Office*" when used with respect to the Fiscal Agent means the corporate trust office of the Fiscal Agent at 707 Wilshire Blvd., 17th Floor, Los Angeles, CA 90017, provided, however, that for purposes of payment, registration, surrender, exchange, or transfer of any 2010 Bonds, means the corporate trust office of the Fiscal Agent at 6th & Marquette, Minneapolis, MN

55479 or such other office designated by the Fiscal Agent from time to time; and (b) when used with respect to the Tender Agent means the corporate trust office of the Tender Agent at 707 Wilshire Blvd., 17th Floor, Los Angeles, CA 90017, provided, however, that for purposes of payment, registration, surrender, exchange, or transfer of any 2010 Bonds, means the corporate trust office of the Tender Agent at 6th & Marquette, Minneapolis, MN 55479 or such other address designated by the Tender Agent from time to time.

"*Principal Payment Date*" means any August 1 on which the principal of 2010 Bonds is scheduled to be paid, whether at maturity or pursuant to sinking account payments and the Quarterly Principal Payment Dates.

"*Project Area*" means the territory comprising the Agency's Merged Area Redevelopment Project, as described in the Redevelopment Plans.

"*Purchase Fund*" means the fund by that name created pursuant to Section 4.06(f) hereof and held by the Tender Agent.

"Qualified Institutional Buyer" has the meaning provided in the Investor Letter.

"Quarterly Principal Payment" has the meaning set forth in Section 4.01(c) hereof.

"*Rate Period*" means the period during which a particular rate of interest determined for a Series of Variable Rate Bonds is to remain in effect pursuant to Section 2.03 hereof.

"*Rating Agency*" means either or both of Moody's and S&P so long as it is maintaining a rating on the 2010 Bonds.

"*Record Date*" for the 2010 Bonds means the close of business on (i) the last day (whether or not a Business Day) of the Interest Payment Period next preceding each Interest Payment Date with respect to 2010 Bonds bearing interest at a Daily, Weekly, Monthly, Flexible Rate or Index Rate Mode, and (ii) the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding each Interest Payment Date with respect to 2010 Bonds bearing interest at a Semiannual, Long or Fixed Rate.

"*Redemption Fund*" means the fund by that name established pursuant to Section 5.07 hereof.

"*Redevelopment Plans*" means the redevelopment plans adopted for each of the project areas composing the Project Area, as they may be amended from time to time.

"*Refunding Bonds*" means Parity Debt issued pursuant to and in conformance with the provisions of Section 3.06 hereof.

"*Reimbursement Agreement*" means, with respect to each Series of 2010 Bonds, the Reimbursement Agreement providing for the issuance of a Credit Facility for such Series of 2010 Bonds, or any similar agreement provided with respect to any Alternate Credit Facility for such Series of 2010 Bonds, in each case as such agreement is originally executed or as it may from time to time be supplemented, modified or amended in accordance with its terms.

"*Remarketing Agent*" means, with respect to a Series of 2010 Bonds, the remarketing agent named in the related Remarketing Agreement.

"*Remarketing Agreement*" means, with respect to a Series of 2010 Bonds, the remarketing agreement providing for the remarketing of such 2010 Bonds upon tender thereof pursuant to the terms of this Fiscal Agent Agreement.

"*Remarketing Proceeds Account*" means each account by that name created pursuant to Section 4.06(f) hereof, as modified by Series designation.

"*S&P*" means Standard & Poor's Rating Services, a division of McGraw-Hill, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Agency or City.

"*Securities Depository*" means: The Depository Trust Company, and any successor thereto.

"*Semiannual Rate*" means, with respect to any Series of 2010 Bonds, an interest rate that is determined for such Series of 2010 Bonds on a semiannual basis pursuant to Section 2.03(f).

"*Semiannual Rate Conversion Date*" means the day on which interest on a Series of 2010 Bonds begins to accrue at a Semiannual Rate for such Series following conversion from a different Variable Rate pursuant to Section 2.03(h).

"*Semiannual Rate Period*" means, with respect to any Series of 2010 Bonds, each period during which interest on the 2010 Bonds of such Series is payable or is accrued at a Semiannual Rate for such Series.

"*Senior Lien Fiscal Agent*" means Wells Fargo Bank, National Association, as fiscal agent under the Senior Lien Fiscal Agent Agreement, or any successor fiscal agent appointed in accordance the Senior Lien Fiscal Agent Agreement.

"*Senior Lien Fiscal Agent Agreement*" means the Fiscal Agent Agreement, dated as of February 1, 1993 by and between the Agency and Wells Fargo Bank, National Association, as fiscal agent thereunder, as supplemented and amended.

"*Senior Obligations*" means the Bonds and Parity Obligations outstanding under the Senior Lien Fiscal Agreement (as such terms are defined therein).

"*Senior Obligations Rating*" has the meaning assigned to such term in the Continuing Covenant Agreement.

"*Series*" means all of the 2010 Bonds designated as being of the same series.

"*Series 2010C Bonds*" means the Redevelopment Agency of the City of San José Merged Area Redevelopment Project Taxable Housing Set-Aside Tax Allocation Variable Rate Bonds, Series 2010C in the principal amount of $93,000,000.

"*Sinking Account Payment*" means, with respect to a Series of 2010 Bonds, the principal amount of such Series of 2010 Bonds required to be redeemed pursuant to Section 4.01(b) hereof on any Sinking Account Payment Date for such Series.

"*Sinking Account Payment Date*" means each August 1, commencing August 1, 2010 and ending on August 1, 2035.

"*Special Record Date*" means the date established by the Fiscal Agent pursuant to Section 2.02(b)(ii) as a record date for the payment of defaulted interest on the 2010 Bonds.

"*Stated Expiration Date*" means, with respect to a Credit Facility, the date upon which such Credit Facility is scheduled to expire (taking into account any extensions of such expiration date) in accordance with its terms without regard to any early termination thereof.

"*Subordinate Housing Set-Aside Amounts*" means (i) prior to the discharge of the Senior Obligations in accordance with the Senior Lien Fiscal Agent Agreement, all Housing Set-Aside Amounts which are permitted to be released from the lien of the Senior Lien Fiscal Agreement and/or the Housing Special Fund established by the Senior Lien Fiscal Agent Agreement, (ii) following the discharge of the Senior Obligations in accordance with the Senior Lien Fiscal Agent Agreement, all Housing Set-Aside Amounts and all interest, profits and other income received from the investment of Housing Set-Aside Amounts and, (iii) all interest, profits and other income received from the investment of amounts held by the Fiscal Agent hereunder.

"*Subordinate Housing Set-Aside Costs of Issuance Fund*" means the fund created pursuant to Section 3.04 hereof and held by the Fiscal Agent.

"*Subordinate Housing Set-Aside Interest Account*" means each account by that name, as modified by Series designation, created pursuant to Section 5.01 hereof and held by the Fiscal Agent.

"*Subordinate Housing Set-Aside Principal Account*" means each account by that name, as modified by Series designation, created pursuant to Section 5.01 hereof and held by the Fiscal Agent.

"*Subordinate Housing Set-Aside Project Fund*" means the fund created pursuant to Section 3.03 hereof and held by the City.

"*Subordinate Housing Set-Aside Special Fund*" means the fund by that name created pursuant to Section 5.01 hereof and held by the City on behalf of the Agency.

"*Supplemental Agreement*" means an agreement supplementing and/or amending this Fiscal Agreement.

"*Taxable Parity Debt*" means Parity Debt the interest on which is subject to federal income taxation.

"*Tax-Exempt Parity Debt*" means Parity Debt the interest on which is exempt from federal income taxation.

"*Tax Increment Revenues*" means all taxes allocated and paid to the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the Merged Area Redevelopment Plans, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations.

"*Tender Agent*" means Wells Fargo Bank, National Association, acting on its own behalf or through an agent, and any successor appointed pursuant hereto.

"*Term Bonds*" means 2010 Bonds payable at or before their specified maturity date or dates from Sinking Account Payments established for that purpose and calculated to retire such 2010 Bonds on or before their specified maturity date or dates.

"*Untendered Bond*" means any 2010 Bond which is subject to optional or mandatory tender pursuant to Section 4.06 but which is not tendered for purchase on or before the applicable Optional Tender Date or Mandatory Tender Date, as the case may be.

"*Variable Rate*" means, as the context requires, a Daily Rate, Weekly Rate, Monthly Rate, Flexible Rate, Semiannual Rate or Long Rate or Index Rate Mode.

"*Variable Rate Bonds*" means the 2010 Bonds of any Series bearing interest at a Variable Rate in accordance with the terms of this Fiscal Agent Agreement.

"*Variable Rate Conversion Date*" means (i) the day on which interest on the 2010 Bonds of a Series is converted to and begins to accrue at such Variable Rate from a different Variable Rate; and (ii) with respect to a Flexible Rate Period, a Semiannual Rate Period, an Index Rate Mode Period or a Long Rate Period, the first day that a particular Flexible Rate, Semiannual Rate, Long Rate or Index Rate Mode becomes effective.

"*Variable Rate Period*" means each period during which interest on a Series of 2010 Bonds is payable at a specific Variable Rate.

"*Weekly Rate*" means, with respect to any Series of 2010 Bonds, an interest rate that is determined for such Series of 2010 Bonds on a weekly basis pursuant to Section 2.03(c).

"*Weekly Rate Conversion Date*" means the day on which interest on a Series of the 2010 Bonds begins to accrue at a Weekly Rate following conversion from a different Variable Rate pursuant to Section 2.03(h).

"*Weekly Rate Period*" means, with respect to any Series of 2010 Bonds, the period during which interest on the 2010 Bonds of such Series is payable or is accrued at a Weekly Rate.

ARTICLE II

THE 2010 BONDS

SECTION 2.01. Authorization of 2010 Bonds.

(a) The 2010 Bonds shall be issued hereunder for the purpose of providing moneys to finance and refinance housing projects, loans and programs that increase, improve and preserve the low- and moderate-income housing within the City and such other uses as may lawfully be expended in accordance with the Law.

(b) The Series 2010C Bonds shall be issued by the Agency under and subject to the terms of this Fiscal Agent Agreement and the Law, shall be in the initial aggregate principal amount of $93,000,000 and shall be designated as the "Redevelopment Agency of the City of San José Merged Area Redevelopment Project Taxable Housing Set-Aside Tax Allocation Variable Rate Bonds, Series 2010C."

(c) Upon any Conversion Date or Mandatory Tender Date, the Agency may divide and allocate the Outstanding principal amount of the 2010 Bonds into separate Series in separate Interest Rate Modes under and subject to the terms of this Fiscal Agent Agreement, and each Series shall be designated as the "Redevelopment Agency of the City of San José Merged Area Redevelopment Project Taxable Housing Set-Aside Tax Allocation Variable Rate Bonds, Series 2010_" with such further changes to the name of the Series of the Bonds as the City on behalf of the Agency may designate.

(d) This Fiscal Agent Agreement constitutes a continuing agreement of the Agency for the benefit of the Holders from time to time of the 2010 Bonds to secure the full payment of the principal and redemption price of and interest on all such 2010 Bonds, and for the benefit of each Credit Provider to secure the full payment of all amounts owing to such Credit Provider, subject to the covenants, provisions and conditions herein contained.

SECTION 2.02. Terms of the 2010 Bonds.

(a) (i) The 2010 Bonds shall be issued initially in the Index Rate Mode during the Initial BBH Period. The initial Index Rate shall equal 1.98672% per annum. The 2010 Bonds during the Initial BBH Period shall be subject to mandatory tender on the Initial BBH Period Tender Date. The interest rate on the 2010 Bonds during the Initial BBH Period shall be subject to Section 2.2 of the Continuing Covenant Agreement.

(ii) So long as the requirements of Section 2.1(b)(ii) of the Continuing Covenant Agreement are fulfilled, the Agency shall not be required to pay the Purchase Price of or redeem the 2010 Bonds on the Initial BBH Period Tender Date, except to the extent of available proceeds if any, from the remarketing of the 2010 Bonds. Any 2010 Bonds which are not remarketed, repaid or redeemed on the Initial BBH Period Tender Date shall continue to be held by the Bank Bond Holder until repaid, redeemed or purchased as provided in this Fiscal Agent Agreement. Any principal amount of the 2010 Bonds that is not repaid or redeemed on the Initial BBH Period Tender Date shall be repaid or redeemed in full by the earlier of: (i) the third anniversary of the Initial BBH Period Tender Date, (ii) the Maturity Date or the date on

which the 2010 Bonds are redeemed, repaid, or prepaid pursuant to the terms of this Fiscal Agent Agreement or (iii) the date on which the Bonds are remarketed. Any principal amount of the 2010 Bonds not required to be repaid on the Initial BBH Period Tender Date, and except as such 2010 Bonds are earlier repaid, redeemed or remarketed pursuant to the terms hereof, shall be redeemed in accordance with the Mandatory Special Redemption provisions of Section 4.01(c) hereof. Any amount of principal of the 2010 Bonds not repaid on the Initial BBH Period Tender Date may be prepaid at any time without penalty. So long as no event of default or special termination event under the Continuing Covenant Agreement has occurred and is continuing, interest on the 2010 Bonds from the Initial BBH Period Tender Date shall accrue at the Initial BBH Period Bank Rate and is payable quarterly in arrears on the first day of each quarter. Upon the occurrence and during the continuance of an event of default or special termination event under the Continuing Covenant Agreement at any time during the Initial BBH Period, interest on the 2010 Bonds shall accrue at the Index Rate Mode Default Rate.

(b) The 2010 Bonds shall be issued in fully registered form without coupons in any Authorized Denomination. The 2010 Bonds of each Series shall be dated as of the Closing Date, and shall mature (subject to prior redemption) on the Maturity Date for such 2010 Bonds. In the event of conversion of interest on a Series of 2010 Bonds to a Fixed Rate pursuant to Section 2.03(i), such 2010 Bonds shall mature serially on August 1 in each year, in an amount for each year equal to the principal amount which would otherwise be required to be redeemed from sinking fund payments pursuant to Section 4.01(b); *provided, however*, that in the event the Remarketing Agent for such Series of 2010 Bonds recommends to the City and the Agency to retain any one or more maturities of such Series of 2010 Bonds as a term maturity subject to mandatory sinking fund redemption pursuant to Section 4.01(b), the City on behalf of the Agency may determine in its discretion that such maturities shall not be represented by serial maturities but shall continue to mature on the related Maturity Date, subject to mandatory sinking fund redemption pursuant to Section 4.01(b). Notwithstanding anything herein to the contrary, principal of and interest on any Bank Bonds shall be payable in the amounts and at the times set forth in the related Reimbursement Agreement.

(c) (i) The rate of interest on the 2010 Bonds shall initially be the Index Rate during the Initial BBH Period and thereafter a Series of Bonds may bear interest at other Variable Rates prior to the Fixed Rate Date for any Series, and at the Fixed Rate thereafter; except that the rate of interest on any Bank Bond shall be calculated at the Bank Rate, and shall be paid in the amounts and at the times set forth in the related Reimbursement Agreement. Interest on the 2010 Bonds of a Series shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (a) a 2010 Bond is authenticated following a Record Date and on or before the next succeeding Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date, or (b) a 2010 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the related Closing Date, or (c) interest on any 2010 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full (and shall accrue at the Index Rate Mode Default Rate during the Index Rate Mode). Interest shall be paid on each Interest Payment Date and redemption date to the persons in whose names the ownership of the 2010 Bonds is registered at the close of business on the immediately preceding Record Date, except as provided below.

(ii) Interest on any 2010 Bond which is not punctually paid or duly provided for when due shall be payable to the person in whose name the ownership of such 2010 Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Fiscal Agent, notice of which shall be given to such Owner not less than ten (10) days prior to such Special Record Date.

(iii) Interest shall be paid by wire transfer from the Fiscal Agent on each Interest Payment Date to the Securities Depository as Owner of the 2010 Bonds; *provided, however*, that (1) amounts payable to a Credit Provider with respect to the reimbursement of draws on the related Credit Facility or with respect to any Bank Bonds shall be made pursuant to written instructions from such Credit Provider in accordance with the terms of the related Reimbursement Agreement, (2) if the Bonds cease to be book-entry bonds held by the Securities Depository, interest shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid on each Interest Payment Date to each person in whose name the ownership of a 2010 Bond shall be registered as of the immediately preceding Record Date at the respective addresses shown on the registration books as of such Record Date, and at the written request of any Owner of 2010 Bonds of a Series in an aggregate principal amount of at least one million dollars ($1,000,000), which written request shall be on file with the Fiscal Agent as of the Record Date immediately preceding any Interest Payment Date, interest on such 2010 Bonds shall be payable on such Interest Payment Date by wire transfer to such bank account within the United States as shall be specified (to the satisfaction of the Fiscal Agent) in such written request and (3) if the Bonds are in the Index Rate Mode, interest and principal shall be paid when due by wire transfer from the Fiscal Agent to the Bank Bond Holder that is the registered holder of such 2010 Bond.

(d) The principal of the 2010 Bonds (other than principal payable as the purchase price of tendered 2010 Bonds) shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Fiscal Agent.

(e) The 2010 Bonds shall be subject to redemption prior to maturity as provided in Article IV.

SECTION 2.03. Determination of Interest Rates. Each 2010 Bond (other than a Bank Bond) shall bear interest at the rates determined pursuant to this Section, payable on each Interest Payment Date, for the immediately preceding Interest Payment Period. The amount of interest so payable on any Interest Payment Date shall be computed (1) on the basis of a 365 or 366 day year, as applicable, for the number of days actually elapsed during a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period, a Flexible Rate Period or a Semiannual Period; (2) on the basis of a 360 day year consisting of twelve 30-day months during a Long Rate Period and on and after the Fixed Rate Date, as applicable and (3) on the basis of a 360 day year and actual days elapsed during an Index Rate Mode Period. The 2010 Bonds (other than Bank Bonds) shall bear interest at a Variable Rate or a Fixed Rate determined from time to time in accordance with the provisions of this Section. Bank Bonds shall bear interest at the applicable Bank Rate from and including the date such Bank Bonds are purchased by a Credit Provider to but excluding the date such Bank Bonds are successfully remarketed by the related Remarketing Agent or delivered to the Fiscal Agent for cancellation.

Interest on the 2010 Bonds shall, commencing on the Closing Date, be paid initially at the Index Rate and shall continue to be paid in the Index Rate Mode during the Initial BBH Period until such Series of 2010 Bonds shall have been converted to bear interest at another Variable Rate or the Fixed Rate.

At any point in time, all of the 2010 Bonds of a Series (other than Bank Bonds) shall be subject to the same Rate Period, but 2010 Bonds of one Series may be subject to a different Rate Period than 2010 Bonds of any other Series. In no event shall the interest rate on the 2010 Bonds of any Series exceed the Maximum Interest Rate.

(a) Determination by Remarketing Agent or Calculation Agent. The interest rate applicable to a Series of 2010 Bonds (other than Bank Bonds) during any Variable Rate Period shall be determined by the applicable Remarketing Agent or Calculation Agent, and notice thereof shall be given, as follows:

(i) The interest rate for such Variable Rate Period shall be determined by the applicable Remarketing Agent or Calculation Agent on the date or dates and at the time or times required pursuant to subsections (b), (c), (d), (e), (f), (g) or (j) below, whichever is applicable.

(ii) For the Daily Rate, Weekly Rate, Monthly Rate, Flexible Rate, Semi-Annual Rate and Long Rate, the interest rate to be determined shall be the lowest rate of interest not in excess of the Maximum Interest Rate that, in the judgment of the applicable Remarketing Agent, would cause such Series of 2010 Bonds to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination. If a Remarketing Agent fails for any reason to determine the interest rate for any Variable Rate Period when required hereunder, or if any interest rate for any Variable Rate Period is determined by a court of competent jurisdiction to be invalid or unenforceable, and if the Variable Rate Period for which such interest rate is to be in effect is less than or equal to six months, the interest rate for such Variable Rate Period shall be the Alternate Rate. In the event that no Alternate Rate has been published at such time, or the Variable Rate Period to be in effect is for more than six months, the interest rate for such Variable Rate Period shall be the same interest rate as was in effect for the immediately preceding Variable Rate Period.

(iii) For the Index Rate Mode, the interest rate shall be the rate determined by the Calculation Agent. On or prior to the first day of each Index Rate Period, the Calculation Agent shall determine the Index Rate as of each Index Rate Reference Date prior to an Index Rate Period, and interest at such rate shall accrue each day during such Index Rate Period. The Calculation Agent shall also be responsible for calculating the Initial BBH Period Bank Rate and Index Rate Mode Default Rate in accordance with the terms hereof and of the Continuing Covenant Agreement.

(iv) Notice of each interest rate shall be given by the applicable Remarketing Agent or Calculation Agent to the Fiscal Agent, the Agency, the City and any Bank Bond Holder by telecopier or email (a) during a Daily Rate Period at least every seventh day during such period, for the seven days immediately preceding such notification date;

(b) and on the effective date of such rate in the case of a Weekly Rate, a Flexible Rate, a Monthly Rate, a Semiannual Rate, an Index Rate, a Long Rate or a Fixed Rate; and (c) during the Index Rate Mode on each Index Rate Reset Date. The Fiscal Agent shall inform the Holders of such Series of 2010 Bonds and the related Credit Provider of the rates determined upon request.

(v) All determinations of interest rates with respect to a Series of 2010 Bonds pursuant to this Section shall be conclusive and binding absent manifest error upon the Agency, the City, the Fiscal Agent, the related Credit Provider, the Bank Bond Holder and the Holders of such 2010 Bonds. The Agency, the City, the Fiscal Agent, any related Credit Provider and the applicable Remarketing Agent or Calculation Agent shall not be liable to any Holders for failure to give any notice required above or for failure of any Holders to receive any such notice.

(b) Daily Rates.

(i) Rate Period. Whenever a Series of 2010 Bonds is to bear interest at a Daily Rate, Daily Rate Periods shall commence on each Business Day, the first such Business Day being the Daily Rate Conversion Date, and shall extend to, but not include, the next succeeding Business Day.

(ii) Effective Period. The interest rate for each Daily Rate Period shall be effective from and including the commencement date thereof and shall remain in effect to, but not including, the next succeeding Business Day.

(iii) Determination Time. Each such interest rate shall be determined by the applicable Remarketing Agent not later than 10:00 a.m., New York City time, on the commencement date of the Daily Rate Period to which it relates.

(c) Weekly Rates.

(i) Rate Period. Whenever a Series of 2010 Bonds is to bear interest at a Weekly Rate, Weekly Rate Periods shall commence on Thursday of each week and end on Wednesday of the following week; *provided, however*, that (a) in the case of a conversion to a Weekly Rate from a different Variable Rate, the initial Weekly Rate Period for such 2010 Bonds shall commence on the Weekly Rate Conversion Date and end on the next succeeding Wednesday, and (b) in the case of a conversion from a Weekly Rate to a different Variable Rate or to the Fixed Rate, the last Weekly Rate Period prior to conversion shall end on the last day immediately preceding the Conversion Date.

(ii) Effective Period. The interest rate for each Weekly Rate Period shall be effective from and including the commencement date of such period and shall remain in effect through and including the last day thereof.

(iii) Determination Time. Each such interest rate shall be determined by the applicable Remarketing Agent not later than 10:00 a.m., New York City time, on the commencement date of the Weekly Rate Period to which it relates or, if such date is not a

Business Day, on the succeeding Business Day; *provided, however,* that in the case of a Weekly Rate established pursuant to Section 2.03(h)(v), such determination shall be made not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement of the applicable Weekly Rate Period.

(d) Monthly Rates.

(i) Rate Period. Whenever a Series of 2010 Bonds is to bear interest at a Monthly Rate, the Monthly Rate Periods shall commence on the Monthly Rate Conversion Date, which shall be the first Business Day of a calendar month, subject to the provisions of subsection (h) of this Section, and end on the day immediately preceding the first Business Day of the next calendar month.

(ii) Effective Period. The interest rate for each Monthly Rate Period shall be effective from and including the commencement date thereof and shall remain in effect through and including the last day thereof.

(iii) Determination Time. Each such interest rate shall be determined by the applicable Remarketing Agent not later than 4:00 p.m., New York City time, on a Business Day not later than the last Business Day immediately preceding the commencement of the Monthly Rate Period.

(e) Flexible Rates.

(i) Rate Period. Whenever a Series of 2010 Bonds is to bear interest at a Flexible Rate, the City on behalf of the Agency shall determine the period not less than one (1) day nor more than two hundred seventy (270) days that shall constitute the Flexible Rate Period for such 2010 Bonds and shall give notice thereof pursuant to paragraph (h)(ii) of this Section. Flexible Rate Periods shall commence on a Flexible Rate Conversion Date, which shall be the first Business Day of a calendar month, subject to the provisions of subsection (h) of this Section, and end on the last day of the Flexible Rate Period.

(ii) Effective Period. The interest rate for each Flexible Rate Period shall be effective from and including the commencement date thereof and shall remain in effect through and including the last day thereof.

(iii) Determination Time. Each such interest rate shall be determined by the applicable Remarketing Agent by not later than 4:00 p.m., New York City time, on a Business Day not later than the last Business Day immediately preceding the commencement date of the Flexible Rate Period.

(f) Semiannual Rates.

(i) Rate Period. Whenever a Series of 2010 Bonds is to bear interest at a Semiannual Rate, Semiannual Rate Periods shall commence initially on the Semiannual Rate Conversion Date, which shall be a February 1 or August 1, whether or not a Business Day subject to the provisions of subsection (h) of this Section, and on each

February 1 and August 1 thereafter; and end on the January 31 following such August 1 or the July 31 following such February 1, as the case may be.

(ii) Effective Period. The interest rate for each Semiannual Rate Period shall be effective from and including the commencement date of such Semiannual Rate Period and shall remain in effect through and including the last day thereof.

(iii) Determination Time. Each such interest rate shall be determined by the applicable Remarketing Agent not later than 4:00 p.m., New York City time, on a Business Day not later than the last Business Day immediately preceding the commencement date of the Semiannual Rate Period.

(g) Long Rates.

(i) Rate Period. Whenever a Series of 2010 Bonds is to bear interest at a Long Rate, the City on behalf of the Agency shall determine the period of one year or more that shall constitute such Long Rate Period and shall give notice thereof pursuant to paragraph (h)(ii) of this Section. Long Rate Periods shall commence initially on the Long Rate Conversion Date, which shall be a Business Day.

(ii) Effective Period. The interest rate for each Long Rate Period shall be effective from and including the commencement date of such Long Rate Period and remain in effect through and including the last day thereof.

(iii) Determination Time. Each such interest rate shall be determined by the applicable Remarketing Agent not later than 4:00 p.m., New York City time, on a Business Day not later than the last Business Day immediately preceding the commencement of the Long Rate Period.

(h) Conversions between Variable Rates. At the option of the City on behalf of the Agency, a Series of 2010 Bonds may be converted from one Variable Rate to another as follows:

(i) In any such case, the Variable Rate Conversion Date shall be a Business Day. Interest shall accrue on such 2010 Bonds at the new interest rate commencing on such Business Day.

(ii) The City on behalf of the Agency shall give written notice of its intent to exercise such option to effect any such conversion to the applicable Remarketing Agent, the Tender Agent, the Fiscal Agent, the related Credit Provider and any Bank Bond Holder not fewer than thirty (30) nor more than forty-five (45) days prior to the proposed Conversion Date. Such notice shall specify the proposed Conversion Date and the Variable Rate to which the conversion will be made, and in the case of any conversion to a Flexible Rate or a Long Rate (including to a Flexible Rate or a Long Rate for a new Flexible Rate Period or a new Long Rate Period, respectively), the duration of such period (which shall in no event extend beyond the applicable Stated Expiration Date). If the City on behalf of the Agency does not elect in a timely fashion a new Variable Rate for a Series of 2010 Bonds, the Variable Rate then in effect for such Series shall be deemed to be the Weekly Rate as provided in paragraph (v) below until changed by

timely notice (other than Bonds in the Index Rate Mode which shall continue to bear interest in the Index Rate Mode).

(iii) Not fewer than fifteen (15) days prior to the proposed Conversion Date, the Fiscal Agent shall mail (by first class mail) a written notice of the proposed conversion to the Holders of such 2010 Bonds at their addresses as they appear on the registration books of the Fiscal Agent on the day on which notice is received by the Fiscal Agent from the City on behalf of the Agency as provided in (ii) above. Such notice shall set forth the information required by Section 4.06(j).

(iv) Any conversion pursuant to this subsection, other than a conversion from a Daily Rate to a Weekly Rate and from a Weekly Rate to a Daily Rate, shall be subject to the conditions that, prior to the date of such conversion, the City on behalf of the Agency shall have delivered with respect to the Series of 2010 Bonds subject to conversion, to the Fiscal Agent, the related Credit Provider and any Bank Bond Holder and the applicable Remarketing Agent an Opinion of 2010 Bond Counsel to the effect that the conversion is authorized hereunder. Additionally, in the case of conversions to a Flexible Rate, the City on behalf of the Agency shall either (i) deliver to the Fiscal Agent written evidence from the Depository to the effect that the Depository will hold 2010 Bonds bearing interest at a Flexible Rate or (ii) made arrangements to have new 2010 Bonds prepared and executed and registered in such names as shall be specified by the Depository.

(v) Notwithstanding anything herein to the contrary, if on the thirty-fifth (35th) day prior to the end of any Flexible Rate Period or Long Rate Period, the City on behalf of the Agency has failed to specify a new Flexible Rate Period or a new Long Rate Period, as the case may be, or to exercise its option to convert the rate of interest on the applicable Series of 2010 Bonds to another Variable Rate, such Series of 2010 Bonds shall be converted to bear interest at a Weekly Rate. The Fiscal Agent shall give the notice of conversion to the Bondholders of record not fewer than the fifteenth (15th) day prior to the end of such period, as provided in paragraph (iii) above, with a copy to the Agency, the City, the applicable Remarketing Agent, the Tender Agent and the related Credit Provider. The interest rate for such Weekly Rate Period shall be determined by the applicable Remarketing Agent not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period.

(vi) Notwithstanding the City's delivery of notice of the exercise of its option to effect a conversion pursuant to paragraph (ii) above, conversion to another Variable Rate shall not take effect if: (a) the City on behalf of the Agency withdraws such notice of the exercise of its option to effect conversion not later than the Business Day preceding the date on which the interest rate at such Variable Rate is to be determined; (b) the applicable Remarketing Agent fails to determine the interest rate at such Variable Rate; (c) the notice to Bondholders required by paragraph (iii) above is not given when required; (d) any requirement of Subsection (iv) above is not satisfied; (e) the City on behalf of the Agency fails to obtain a firm underwriting commitment with respect to a conversion to a Long Rate or (f) the City on behalf of the Agency fails to reach agreement with a Bank Bond Holder with respect to conversion to the Index Rate. In any of such events, the applicable Series of 2010 Bonds shall be converted to pay interest at a

Weekly Rate and the mandatory tender for purchase pursuant to Section 4.06(d) hereof shall be carried out if notice of the conversion has been given to the Bondholders (provided that if the 2010 Bonds are in the Index Rate Mode, then the 2010 Bonds shall remain in the Index Rate Mode and be subject to the other applicable payment provisions of the Fiscal Agent Agreement and the Continuing Covenant Agreement). Withdrawal of a conversion notice shall be given by the City on behalf of the Agency to the Fiscal Agent, the applicable Remarketing Agent and the related Credit Provider and any Bank Bond Holder, by telephone, promptly confirmed in writing. No cancellation of a conversion pursuant to this paragraph shall constitute an Event of Default under this Fiscal Agent Agreement.

(i) Fixed Rate Conversion. At the option of the City on behalf of the Agency, the 2010 Bonds of a Series may be converted to be payable at a Fixed Rate until their final maturity or earlier redemption (provided that a firm underwriting commitment for such 2010 Bonds has been obtained). Any such conversion shall be made as follows:

(i) The Fixed Rate Date shall be an Interest Payment Date for the Variable Rate last in effect prior to the conversion to a Fixed Rate.

(ii) The City on behalf of the Agency shall give written notice of any such conversion to the Fiscal Agent, the applicable Remarketing Agent, the Tender Agent and the related Credit Provider and any Bank Bond Holder not fewer than forty-five (45) days prior to the proposed Fixed Rate Date. Such notice shall specify the proposed Fixed Rate Date.

(iii) Notice of conversion and mandatory tender shall be given no less than fifteen (15) days prior to the proposed Fixed Rate Date by first class mail by the Fiscal Agent to the Holders of all Outstanding 2010 Bonds of such Series as their addresses appear on the registration books of the Fiscal Agent on the date the Fiscal Agent receives the notice referred to in paragraph (ii) above. The notice of conversion and mandatory tender mailed to Bondholders shall set forth the information required by Section 4.06(j).

(iv) No more than thirty-five (35) days nor less than five (5) days prior to the Fixed Rate Date, the applicable Remarketing Agent shall determine the Fixed Rate for the Series of 2010 Bonds to be converted to a Fixed Rate and provide the Fixed Rate for such Series to the Fiscal Agent as provided herein. Such Fixed Rate shall be the rate of interest on such Series of 2010 Bonds on and after the Fixed Rate Date and shall be the lowest rate of interest (not in excess of the maximum interest rate permitted by law) that, in the judgment of the applicable Remarketing Agent as of the date of determination and under prevailing market conditions, would cause such Series of 2010 Bonds to have a market value equal to the principal amount thereof plus interest accrued thereon to such date. Such determination shall be conclusive and binding upon the Agency, the City, the Fiscal Agent, the related Credit Provider, such Remarketing Agent and the Holders of such Series of 2010 Bonds. Not later than 4:00 p.m., New York City time on the date of the determination of such Fixed Rate, the applicable Remarketing Agent shall communicate such Fixed Rate by telex, telecopy or other similar electronic means of

communication, followed by mailed written notice, to the Fiscal Agent, the Agency, the City and the related Credit Provider.

(v) Notwithstanding the City's delivery of notice of the exercise of its option to effect a Fixed Rate conversion pursuant to paragraph (ii) above, conversion to a Fixed Rate shall not take effect if (a) the City on behalf of the Agency withdraws such notice of conversion not later than the Business Day preceding the date on which the Fixed Rate is to be determined; (b) the applicable Remarketing Agent fails to determine the Fixed Rate; (c) the notice to Bondholders required by paragraph (iii) above is not given when required; or (d) the City on behalf of the Agency fails to deliver to the Fiscal Agent, the related Credit Provider and any Bank Bond Holder and such Remarketing Agent on the Fixed Rate Date an Opinion of Bond Counsel to the effect that the conversion is authorized hereunder. In any of such events, such 2010 Bonds shall be converted to pay interest at a Weekly Rate and mandatory tender for purchase pursuant to Section 4.06(d) hereof shall nevertheless be carried out if notice of conversion to the Fixed Rate has been given to the Bondholders (provided that if the 2010 Bonds are in the Index Rate Mode, then the 2010 Bonds shall remain in the Index Rate Mode and be subject to the other applicable payment provisions of the Fiscal Agent Agreement and the Continuing Covenant Agreement). Withdrawal of a conversion notice shall be given by the City on behalf of the Agency to the Fiscal Agent, the applicable Remarketing Agent, the Tender Agent and the related Credit Provider and any Bank Bond Holder, by telephone, promptly confirmed in writing. No cancellation of conversion to the Fixed Rate pursuant to this paragraph shall constitute an Event of Default under this Fiscal Agent Agreement.

(vi) Unless the City on behalf of the Agency and the related Credit Provider shall have otherwise agreed in writing, from and after the Fixed Rate Date, the related Credit Facility shall cease to be available with respect to a Series of 2010 Bonds converted to a Fixed Rate.

(j) Index Rates.

(i) Rate Period. The Series 2010 Bonds shall initially bear interest at the Index Rate during each Index Rate Period during the Initial BBH Period. Thereafter, whenever a Series of 2010 Bonds is to bear interest in an Index Rate Mode, the period that shall constitute such Index Rate Mode Period shall be determined by the City on behalf of the Agency in accordance with the terms of this Fiscal Agent Agreement. Index Rate Mode Periods after the Initial BBH Period shall commence initially on the Index Rate Conversion Date.

(ii) Effective Period. The interest rates for each Index Rate Period shall be effective from and including the Index Rate Reset Date for such Index Rate Period and remain in effect through and including the last day of such Index Rate Period.

(iii) Determination Time. Each such interest rate shall be determined by the Calculation Agent not later than 4:00 p.m., New York City time, on the Index Rate Reset Date (or if such day is not a Business Day, the next preceding Business Day) by reference to (a) One-Month LIBOR as of the Index Rate Reference Date and (b) the Applicable Spread as of the Index Rate Reset Date.

SECTION 2.04. Execution and Authentication of 2010 Bonds. The 2010 Bonds in the Initial BBH Period or any subsequent Index Rate Mode Period shall be delivered substantially in the form attached hereto as Exhibit B-1. A Series of 2010 Bonds in any Variable Rate other than the Index Rate Mode shall be delivered substantially in the form attached as Exhibit B-2. The 2010 Bonds shall be executed on behalf of the Agency by the signature of its Chairperson, Executive Director, Assistant Executive Director or Director of Finance / Chief Financial Officer and attested on behalf of the Agency by the signature of its Secretary (or a person designated by the Secretary in writing) who are in office on the date of this Fiscal Agent Agreement or at any time thereafter. Any of the signatures of said Chairperson, Executive Director, Assistant Executive Director, Director of Finance / Chief Financial Officer or said Secretary or designee of said Secretary may be by printed, lithographed or engraved facsimile reproduction. If any officer whose signature appears on any 2010 Bond ceases to be such officer before delivery of the 2010 Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the 2010 Bonds to the purchaser. Also, any 2010 Bond may be signed and attested on behalf of the Agency by such persons as at the actual date of the execution of such 2010 Bond shall be the proper officers of the Agency although at the nominal date of such 2010 Bond any such person may not have been such officer of the Agency.

Only such of the 2010 Bonds as shall bear thereon a certificate of authentication in the form hereinbefore recited, manually signed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Fiscal Agent Agreement, and such certificate of the Fiscal Agent shall be conclusive evidence that the 2010 Bonds have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Fiscal Agent Agreement.

SECTION 2.05. Transfer of 2010 Bonds. Any 2010 Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.07 by the person in whose name it is registered, in person or by his duly authorized attorney in writing, upon surrender of such fully registered 2010 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Fiscal Agent, duly executed.

Whenever any 2010 Bond or 2010 Bonds shall be surrendered for transfer, the Agency shall execute and the Fiscal Agent shall authenticate and deliver a new 2010 Bond or 2010 Bonds of like Series for a like aggregate principal amount in Authorized Denominations, maturity date and interest rate. The Fiscal Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any 2010 Bond shall be required to be made during the period after the Record Date through and including the next succeeding Interest Payment Date or during the period designated for selection of 2010 Bonds for redemption, or of any 2010 Bond so selected for redemption or for which notice of tender has been given.

Notwithstanding the foregoing, any Bond in the Index Rate Mode shall only be transferred to a Qualified Institutional Buyer that has executed an Investor Letter substantially in the form of Exhibit D and delivered such Investor Letter to the Fiscal Agent, City and Agency.

SECTION 2.06. Exchange of 2010 Bonds. 2010 Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of fully registered 2010 Bonds of like Series of other Authorized Denominations of the same maturity and interest rate. The Fiscal Agent shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No such exchange shall be required during the period after the Record Date through and including the next succeeding Interest Payment Date or during the period designated for selection of 2010 Bonds for redemption, or of any 2010 Bond so selected for redemption or for which notice of tender has been given.

SECTION 2.07. Bond Register. The Fiscal Agent shall keep or cause to be kept, at its Principal Office, sufficient books for the registration and transfer of the 2010 Bonds, which shall at all reasonable times be open to inspection by the Agency and the City upon prior notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2010 Bonds as hereinbefore provided.

SECTION 2.08. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Fiscal Agent Agreement to be signed or executed by Holders may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Holders 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 shall be sufficient for any purpose of this Fiscal Agent Agreement (except as otherwise herein provided), if made in the following manner. The fact and date of the execution by any Holder or his attorney or agent of any such instrument, and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the person signing such instrument acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership or a limited liability company on behalf of such corporation, association, partnership or limited liability company, such certificate shall also constitute sufficient proof of his authority.

Nothing contained in this Article II shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Holder of any 2010 Bond shall bind every future Holder of the same 2010 Bond in respect of anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent.

SECTION 2.09. Temporary Bonds. The 2010 Bonds may be initially issued in temporary form exchangeable for definitive 2010 Bonds when ready for delivery. The

temporary 2010 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City on behalf of the Agency and may contain such reference to any of the provisions of this Fiscal Agent Agreement as may be appropriate. Every temporary 2010 Bond shall be executed by the Agency and shall be authenticated by the Fiscal Agent upon the same conditions and in substantially the same manner as the definitive fully registered 2010 Bonds. If the Agency issues temporary 2010 Bonds it will execute and furnish definitive 2010 Bonds without delay, and thereupon the temporary 2010 Bonds may be surrendered for cancellation in exchange therefor at the Principal Office of the Fiscal Agent, and the Fiscal Agent shall deliver in exchange for such temporary 2010 Bonds an equal aggregate principal amount of definitive fully registered 2010 Bonds of like Series of Authorized Denominations of the same maturity or maturities and interest rate or rates. Until so exchanged, the temporary 2010 Bonds shall be entitled to the same benefits under this Fiscal Agent Agreement as definitive 2010 Bonds authenticated and delivered hereunder.

SECTION 2.10. 2010 Bonds Mutilated, Lost, Destroyed or Stolen. If any 2010 Bond shall become mutilated, the Agency, at the expense of the said Owner of said 2010 Bond, shall execute, and the Fiscal Agent shall thereupon authenticate, if necessary, and deliver a new 2010 Bond of like Series and tenor in exchange and substitution for the 2010 Bond so mutilated, but only upon surrender to the Fiscal Agent of the 2010 Bond so mutilated. Every mutilated 2010 Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed. If any 2010 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Agency, the City and the Fiscal Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, then the Agency, at the expense of the Owner, shall execute, and the Fiscal Agent shall thereupon authenticate, if necessary, and deliver, a new 2010 Bond of like Series and tenor in lieu of and in substitution for the 2010 Bond so lost, destroyed or stolen. The City on behalf of the Agency may require payment of a sum not exceeding the actual cost of preparing each new 2010 Bond issued under this section and of the expenses which may be incurred by the Agency, the City and the Fiscal Agent in the premises.

If any such destroyed, stolen or lost 2010 Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Fiscal Agent at the direction of the City on behalf of the Agency upon receipt of like proof, indemnity and payment of expenses.

Any such substitute 2010 Bond issued pursuant to this section shall be entitled to equal and proportionate benefits with all other 2010 Bonds issued hereunder. The Agency, the City and the Fiscal Agent shall not be required to treat both the original 2010 Bond and any replacement 2010 Bond as being Outstanding for the purpose of determining the principal amount of 2010 Bonds which may be issued hereunder or for the purpose of determining any percentage of 2010 Bonds Outstanding hereunder, but both the original and replacement 2010 Bond shall be treated as one and the same.

SECTION 2.11. Book-Entry; Limited Obligation of Agency. The 2010 Bonds shall initially be issued as a fully registered and certificated Bond and registered in the name of, and physically delivered to, the Initial Bank Bond Holder. Upon Request of the Agency or the City delivered to the Fiscal Agent and, if prior to the Initial BBH Period Ending Date, with the consent of the Bank Bond Holder, the 2010 Bonds may be issued in the form of a separate single

fully registered 2010 Bond (which may be typewritten) for each maturity and registered in the registration books kept by the Fiscal Agent in the name of the Nominee as nominee of the Depository.

With respect to 2010 Bonds registered in the registration books kept by the Fiscal Agent in the name of the Nominee, the Agency, the City and the Fiscal Agent shall have no responsibility or obligation to any Participant or to any Person on behalf of which a Participant holds an interest in the 2010 Bonds. Without limiting the immediately preceding sentence, the Agency, the City and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the 2010 Bonds, (ii) the delivery to any Participant or any other Person, other than as shown in the registration books kept by the Fiscal Agent, of any notice with respect to the 2010 Bonds, including any notice of redemption or purchase, (iii) the selection by the Depository and its Participants of the beneficial interests in the 2010 Bonds to be redeemed in the event the 2010 Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than a Nominee as shown in the registration books kept by the Fiscal Agent, of any principal of, premium, if any, or interest on the 2010 Bonds. The Agency, the City and the Fiscal Agent may treat and consider the Person in whose name each 2010 Bond is registered in the registration books kept by the Fiscal Agent as the Owner and absolute Holder of such 2010 Bond for the purpose of payment of principal, premium, if any, and interest on such 2010 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2010 Bond, for the purposes of registering transfers with respect to such 2010 Bond, and for all other purposes whatsoever.

The Fiscal Agent shall pay all principal, premium, if any, and interest with respect to the 2010 Bonds, only to or upon the order of the respective Holders, as shown in the registration books kept by the Fiscal Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to payment of principal, premium, if any, and interest on the 2010 Bonds to the extent of the sum or sums so paid. No Person other than a Holder, as shown in the registration books kept by the Fiscal Agent, shall receive a 2010 Bond evidencing the obligation of the Agency to make payments of principal, premium, if any, and interest pursuant to this Fiscal Agent Agreement. Upon delivery by the Depository to the Nominee, the Fiscal Agent, the Agency and the City of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Fiscal Agent Agreement shall refer to such new nominee of the Depository.

For so long as the 2010 Bonds are registered in the name of a Depository or its Nominee, references to the redemption of 2010 Bonds or tender of 2010 Bonds shall refer to the redemption or tender of the interest of the Beneficial Owners whose 2010 Bonds are being redeemed or who are tendering their 2010 Bonds or whose 2010 Bonds are being deemed tendered hereunder.

SECTION 2.12. Representation Letter. In order to qualify the 2010 Bonds of each Series for the Depository's book-entry system, the Agency shall execute and deliver to such Depository a letter from the Agency representing such matters as shall be necessary to so qualify

the 2010 Bonds of such Series (collectively, the "Representation Letter"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.11 hereof or in any other way impose upon the Agency or the Fiscal Agent any obligation whatsoever with respect to Persons having interests in the 2010 Bonds other than the Holders, as shown on the registration books kept by the Fiscal Agent. In the written acceptance of the Fiscal Agent, such Fiscal Agent shall agree to take all actions necessary for all representations of the Fiscal Agent in the Representation Letter with respect to the Fiscal Agent to at all times be complied with. In addition to the execution and delivery of the Representation Letter, the Agency and the City shall take any other actions, not inconsistent with this Fiscal Agent Agreement, to qualify the 2010 Bonds for the Depository's book-entry system.

SECTION 2.13. Transfers Outside Book-Entry System. The City on behalf of the Agency may by Written Request, at any time or for any reason, remove the Depository and appoint a successor or successors thereto. In the event (i) the Depository determines not to continue to act as securities depository for the 2010 Bonds, or (ii) the City on behalf of the Agency determines that the Depository shall no longer so act, then the City on behalf of the Agency will discontinue the book-entry system with the Depository. If the City on behalf of the Agency fails to identify another qualified securities depository to replace the Depository then the 2010 Bonds shall no longer be restricted to being registered in the registration books kept by the Fiscal Agent in the name of the Nominee, but shall be registered in whatever name or names the Participants shall designate, and thereafter 2010 Bonds shall be subject to transfer and exchange in accordance with the provisions of Section 2.05 and 2.06.

SECTION 2.14. Payments and Notices to the Nominee. Notwithstanding any other provision of this Fiscal Agent Agreement to the contrary, so long as any 2010 Bond is registered in the name of the Nominee, all payments of principal of, premium, if any, and interest on such 2010 Bond and all notices with respect to such 2010 Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed in writing by the Depository.

ARTICLE III

ISSUANCE OF 2010 BONDS

SECTION 3.01. Issuance of 2010 Bonds. At any time after the execution of this Fiscal Agent Agreement, the Agency may execute and the Fiscal Agent shall authenticate and, upon the request of the Agency, deliver the Series 2010C Bonds in the aggregate principal amount of $93,000,000.

SECTION 3.02. Application of Proceeds of Sale of 2010 Bonds—Allocation Among Accounts. Upon receipt of the proceeds resulting from the sale of the 2010 Bonds, being $92,907,000 (the $93,000,000 principal amount of the 2010 Bonds less the fee of the Bank Bond Holder of $93,000), the Fiscal Agent shall deposit said proceeds as follows:

(i) The Fiscal Agent shall deposit the amount of $405,814.78 into the Series 2010 Subordinate Housing Set-Aside Costs of Issuance Account.

(ii) The Fiscal Agent shall deposit the amount of $52,501,185.22 into the Subordinate Housing Set-Aside Project Fund established under Section 3.03 hereof (on the Closing Date, the Fiscal Agent shall transfer $42,500,000 of such amount from the Subordinate Housing Set-Aside Project Fund to the City as reimbursement for prior expenditures for housing projects and loans).

(iii) The Fiscal Agent shall transfer $40,000,000 to The Bank of New York to retire the Agency's outstanding line of credit.

SECTION 3.03. Subordinate Housing Set-Aside Project Fund. The Fiscal Agent shall establish, maintain and hold in trust the Subordinate Housing Set-Aside Project Fund. All money in the Subordinate Housing Set-Aside Project Fund shall be withdrawn and applied by the Agency or City for purposes of financing or refinancing housing projects and other programs to increase, improve and/or preserve the supply of low and moderate income housing within the City as provided under the Law, upon submission of one or more Requisitions of the Agency or City, in substantially the form attached hereto as Exhibit A, filed with the Fiscal Agent, with a copy to the City or Agency. Each such Requisition shall be sequentially numbered, shall state the person to whom payment shall be made, the amount to be paid, the account within said fund from which the amount is to be withdrawn, the purpose for which such obligation was incurred, and that such payment is a proper charge against said account of said Fund.

SECTION 3.04. Subordinate Housing Set-Aside Costs of Issuance Fund. The Fiscal Agent shall establish, maintain and hold in trust the Subordinate Housing Set-Aside Costs of Issuance Fund. All money in the Subordinate Housing Set-Aside Costs of Issuance Fund shall be withdrawn and applied by the Agency or City to pay Costs of Issuance for the 2010 Bonds, upon submission of one or more Requisitions of the Agency or City, in substantially the form attached hereto as Exhibit A, filed with the Fiscal Agent, with a copy to the City or Agency. Each such Requisition shall be sequentially numbered, shall state the person to whom payment shall be made, the amount to be paid, the account within said fund from which the amount is to be withdrawn, the purpose for which such obligation was incurred, and that such payment is a proper charge against said account of said Fund. Upon the earlier of the date that is one year after the Closing Date for the 2010 Bonds or receipt by the Fiscal Agent of a Certificate of the Agency or City to the effect that moneys are no longer to be held in such Fund, all moneys remaining in such Fund shall be transferred by the Fiscal Agent to the City for deposit to the Low and Moderate Income Housing Fund. Thereafter, the Subordinate Housing Set-Aside Costs of Issuance Fund shall be closed.

SECTION 3.05. Limitations on the Issuance of Obligations Payable from Subordinate Housing Set-Aside Amounts. The Agency will not, so long as any of the 2010 Bonds are Outstanding, incur any liabilities or obligations or issue any obligations or securities, howsoever denominated, payable in whole or in part from Subordinate Housing Set-Aside Amounts except the following:

(a) Parity Debt payable on a parity with the 2010 Bonds and which will have, when issued, an equal lien and charge upon the Subordinate Housing Set-Aside Amounts, provided that the following conditions to the issuance of such Parity Debt are satisfied:

(1) Such Parity Debt has been duly and legally authorized for any lawful purpose under the Law and, during the Initial BBH Period, all applicable requirements in the Continuing Covenant Agreement have been fulfilled;

(2) The Parity Debt shall be on such terms and conditions as may be set forth in a fiscal agent agreement or similar agreement or resolution, which may be a Supplemental Agreement, and such agreement or resolution shall provide for a parity pledge of Subordinate Housing Set-Aside Amounts and security provisions substantially in accordance with this Agreement;

(3) No event of default pursuant to Section 7.01 hereof shall have occurred and then be continuing, as evidenced in a Certificate of the Agency filed with the Fiscal Agent;

(4) Unless such Parity Debt is for the refunding purposes specified in Section 3.06, the Agency shall have obtained and placed on file with the Fiscal Agent and any Bank Bond Holder, a Certificate of the Agency, upon which the Fiscal Agent and any Bank Bond Holder may conclusively rely, certifying (on the basis of calculations as of the date of delivery of such Parity Obligations) that the following debt service coverage requirements will be met after the issuance of such Parity Debt: the amount of Housing Set-Aside Amounts, based upon the County's certified assessed valuation of property within the Project Area allocable to the Agency for the then current Fiscal Year in which such Parity Debt will become outstanding, plus any Additional Housing Set-Aside Amounts based on a Consultant's Report, shall have been at least equal to 1.15 times the Maximum Annual Debt Service of (i) all Senior Obligations, (ii) all Parity Debt then Outstanding and (iii) the Parity Debt then proposed to be issued.

For purposes of this subsection (a), outstanding Senior Obligations Bonds shall not include any Senior Obligations the proceeds of which are deposited in an escrow fund held by the Fiscal Agent, provided that the Senior Lien Fiscal Agent Agreement authorizing the issuance of such Senior Obligations provides that: (i) such proceeds shall be deposited or invested with or secured by an institution rated "AA-" or higher by S&P and "Aa3" or higher by Moody's at a rate of interest which, together with amounts made available by the Agency from such Senior Obligations proceeds or otherwise, is at least sufficient to pay annual debt service on the foregoing respective Senior Obligations; (ii) moneys may be transferred from said escrow fund only if the requirements of the preceding paragraphs of this subsection (4) will be met with respect to all outstanding respective Senior Obligations less a principal amount of such Senior Obligations which is equal to moneys on deposit in said escrow fund after each such transfer; and (iii) the respective Senior Obligations shall be redeemed from moneys remaining on deposit in said escrow fund at the expiration of a specified escrow period in such manner as may be determined by the Agency;

(5) The Agency shall have filed with the Fiscal Agent and any Bank Bond Holder an Opinion of Bond Counsel to the effect that such Parity Debt has

been duly authorized by the Agency and is a valid and binding obligation of the Agency;

(6) A certificate of the Agency that upon delivery of such Parity Debt, the aggregate principal amount and debt service of Senior Obligations, the 2010 Bonds and other Parity Debt then Outstanding will not exceed the amount permitted by law and the Redevelopment Plans.

(b) Obligations which are subordinate to the payment of the principal and interest for the 2010 Bonds and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Subordinate Housing Set-Aside Amounts after the prior payment of all amounts then required to be paid hereunder from Subordinate Housing Set-Aside Amounts for principal and interest for the 2010 Bonds, as the same become due and payable and at the times and in the manner as required in this Fiscal Agent Agreement, subject, however, to compliance with the requirements of the Continuing Covenant Agreement during the Initial BBH Period.

(c) Refunding Bonds authorized pursuant to Section 3.06.

(d) The Agency's obligations to any credit providers with respect to Parity Debt, subject, however, to compliance with the requirements of the Continuing Covenant Agreement during the Initial BBH Period.

SECTION 3.06. Issuance of Refunding Bonds. Parity Debt ("Refunding Bonds") may be authorized and issued by the Agency without compliance with the provisions of Section 3.05 to refund all or a portion of any Parity Debt, subject, however, to compliance with the requirements of the Continuing Covenant Agreement during the Initial BBH Period; provided that Maximum Annual Debt Service on all Parity Debt outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Parity Debt outstanding prior to the issuance of such Refunding Bonds.

ARTICLE IV

REDEMPTION OF 2010 BONDS

SECTION 4.01. Terms of Redemption. The 2010 Bonds shall be subject to redemption as provided in this Section.

(a) Optional Redemption. (i) While any Daily or Weekly Rate is in effect with respect to a Series of 2010 Bonds, the 2010 Bonds of such Series are subject to optional redemption by the Agency from Available Moneys (but only with consent of the related Credit Provider if the source of Available Moneys is to be a draw on the related Credit Facility) as a whole or in part on any Business Day at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium.

(ii) While any Monthly, Flexible or Semiannual Rate is in effect with respect to a Series of 2010 Bonds, the 2010 Bonds of such Series are subject to optional redemption by

the Agency from Available Moneys (but only with the consent of the related Credit Provider if the source of Available Moneys is to be a draw on the related Credit Facility) as a whole on any date or in part on any Interest Payment Date at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium.

(iii) If the source of Available Moneys to be used for an optional redemption pursuant to (i) or (ii) above is other than a draw on the related Credit Facility, no notice of such optional redemption shall be given pursuant to Section 4.03 unless the Agency has certified to the Fiscal Agent that it has on hand or on deposit in the related account within the Redemption Fund Available Moneys sufficient for the redemption price. If such Available Moneys is invested pending its use for redemption, such amount shall be invested only in Permitted Investments of the type described in clause (i) or (vi) of the definition of Permitted Investments herein and such Permitted Investments must mature or be redeemable on or before the optional redemption date set forth in such notice.

(iv) While any Long Rate is in effect and also after the Fixed Rate Date with respect to a Series of 2010 Bonds, the 2010 Bonds of such Series are subject to optional redemption by the Agency as provided in a Supplemental Agreement.

(v) While the Index Rate Mode is in effect with respect to a Series of Bonds, the 2010 Bonds of such Series are subject to optional redemption by the Agency as a whole or in part on any Index Rate Reset Date (or if such Index Rate Reset Date is not a Business Day, then the redemption date shall be the next succeeding Business Day) at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium.

(b) Sinking Account Redemption.

Series 2010C Bonds

The Series 2010C Bonds are subject to mandatory redemption from Sinking Account Payments, by lot, from a draw on the related Credit Facility so long as there is a Credit Facility then in effect, and otherwise from available Subordinate Housing Set-Aside Amounts, on August 1 in each of the years and in the respective amounts as set forth below, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption, as set forth in the following schedule; *provided, however,* that (i) if some but not all of the Series 2010C Bonds have been redeemed pursuant to subsections (a) above or (d) below, the total principal amount of Series 2010C Bonds to be redeemed pursuant to this Section 4.01(b) subsequent to each redemption shall be reduced on a pro rata basis among Sinking Account Payments, as specified in writing by the City on behalf of the Agency, in integral multiples of an Authorized Denomination, and (ii) if the maturities of any Series 2010C Bonds are converted to serial maturities pursuant to Section 2.02(a) following the Fixed Rate Date, such Series 2010C Bonds shall not be subject to mandatory redemption from Sinking Account Payments pursuant to this Section 4.01(b).

Redemption Date (August 1)	Principal Amount of Series 2010C Bonds to be Redeemed	Redemption Date (August 1)	Principal Amount of Series 2010C Bonds to be Redeemed
2010	2,100,000	2023	4,125,000
2011	2,300,000	2024	4,365,000
2012	2,425,000	2025	4,630,000
2013	2,585,000	2026	4,910,000
2014	2,740,000	2027	5,210,000
2015	2,905,000	2028	4,205,000
2016	3,060,000	2029	4,385,000
2017	3,260,000	2030	3,745,000
2018	3,460,000	2031	3,970,000
2019	3,665,000	2032	4,205,000
2020	3,870,000	2033	2,750,000
2021	4,120,000	2034	2,920,000
2022	4,365,000	2035	2,725,000

† Final Maturity

(c) Mandatory Special Redemption of 2010 Bonds.

Unless the Agency is required to redeem the 2010 Bonds on the Initial BBH Period Tender Date and pay the outstanding principal amount of the 2010 Bonds together with all accrued and unpaid interest on such date in accordance with Section 2.02(a) hereof and Section 2.1(b)(ii) of the Continuing Covenant Agreement, and subject to the earlier remarketing, repayment, acceleration, prepayment or redemption of the 2010 Bonds in accordance with any other provision of this Fiscal Agent Agreement, from and after the Initial BBH Period Tender Date, the 2010 Bonds shall be subject to mandatory redemption by the Agency in twelve (12) quarterly principal installments ("Quarterly Principal Payments"), with the initial Quarterly Principal Payment being due and payable on the first Interest Payment Date after the 90th day

following the Initial BBH Period Tender Date and each successive Quarterly Principal Payment being due and payable on the Interest Payment Date which is three (3) months after the preceding Quarterly Principal Payment was due and payable and the final Quarterly Principal Payment in an amount equal to the entire then outstanding principal amount of the 2010 Bonds being due and payable on the third anniversary of the Initial BBH Period Tender Date (the period commencing on the Initial BBH Period Tender Date and ending on the third anniversary of the Initial BBH Period Tender Date is herein referred to as the "Amortization Period"). Each Quarterly Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Quarterly Principal Payments over the Amortization Period.

(d) Redemption At the Direction of a Credit Provider. For so long as a Credit Facility is in effect with respect to a Series of 2010 Bonds and the related Credit Provider is not in default thereunder, such Series of 2010 Bonds shall be subject to redemption in whole, but not in part, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium from a draw on the related Credit Facility on the earliest Business Day for which notice of redemption can be timely given pursuant to Section 4.03, such redemption to occur solely at the written direction of the related Credit Provider upon the occurrence of an event of default under the related Reimbursement Agreement.

(e) Purchase of 2010 Bonds to be Redeemed. At any time prior to selection of 2010 Bonds for redemption as provided in Section 4.02, the Fiscal Agent may, and upon receipt of a Request of Agency or City to such effect shall, apply Available Moneys on deposit in the Subordinate Housing Set-Aside Principal Account, or any other Available Moneys of the Agency, to the purchase of 2010 Bonds which are subject to mandatory redemption from Sinking Account Payments on the next succeeding Principal Payment Date at public or private sale, as and when and at such prices (including brokerage and other charges) as the City on behalf of the Agency may in its discretion determine, except that the purchase price (excluding accrued interest) shall not exceed the principal amount of such 2010 Bonds subject to Sinking Account Payments on such Principal Payment Date.

If the Fiscal Agent purchases 2010 Bonds as set forth above or if prior to the giving of notice of redemption for 2010 Bonds to be redeemed from Sinking Account Payments the Agency otherwise deposits 2010 Bonds subject to such Sinking Account Payments with the Fiscal Agent (together with a Certificate of the Agency or City directing the Fiscal Agent to apply such 2010 Bonds so deposited to the applicable Sinking Account Payments due on such date), the amount of 2010 Bonds so purchased or deposited shall be credited at the time of such purchase or deposit, to the extent of the principal amount thereof, to reduce such Sinking Account Payments.

SECTION 4.02. Selection of 2010 Bonds for Redemption. Whenever provision is made in this Fiscal Agent Agreement for the redemption of less than all of the 2010 Bonds of a Series, the City on behalf of the Agency shall select the maturities of such Series of the 2010 Bonds or portions thereof to be redeemed. Whenever provision is made in this Fiscal Agent Agreement for the redemption of less than all of the 2010 Bonds of a maturity of a Series, the Fiscal Agent shall select the 2010 Bonds to be redeemed by lot in any manner which the Fiscal

Agent in its sole discretion shall deem appropriate and fair; *provided, however*, that the City on behalf of the Agency may select the Sinking Account Payments for any Term Bond to be partially redeemed; *and provided further, however*, that 2010 Bonds shall be redeemed with respect to each Series in the following order of priority:

First, any Bank Bonds;

Second, any 2010 Bonds which have been tendered to the Tender Agent on the date fixed for redemption, the notice of which tender shall have been given to the Fiscal Agent prior to the selection of 2010 Bonds for such redemption pursuant to Section 4.03; and

Third, any other 2010 Bonds.

SECTION 4.03. Notice of Redemption.

(a) Notice of redemption shall be mailed by first class mail, postage prepaid, not less than fifteen (15) calendar days and not more than sixty (60) calendar days (provided that in the case of redemptions pursuant to Section 4.01(a)(v), such notices shall be mailed not less than sixty (60) calendar days and not more than ninety (90) calendar days prior to such redemption date). Such notice shall be mailed to: (i) the Securities Depository, and (ii) the respective Owners of any 2010 Bonds designated for redemption at their addresses appearing on the Registration Books and (iii) the related Credit Provider and Remarketing Agent. Each notice of redemption shall state the redemption date, the place or places of redemption, and, if less than all of the 2010 Bonds of any Series are to be redeemed, the CUSIP numbers and the distinctive numbers of the 2010 Bonds to be redeemed (unless all 2010 Bonds within a maturity have been called), and in the case of 2010 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that (i) on said date there will become due and payable on each of said 2010 Bonds the principal amount relating thereto or of said specified portion of the principal thereof in the case of a 2010 Bond to be redeemed in part only, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2010 Bonds be then surrendered and (ii) such notice is subject to rescission as set forth in Section 4.03(c). Neither the failure to receive any such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of 2010 Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

(b) Notice of redemption of 2010 Bonds shall be given by the Fiscal Agent, at the expense of the Agency, for and on behalf of the Agency. Prior to the mailing of notice of any optional redemption pursuant to Section 4.01(a), the Fiscal Agent shall have received the consent of the Credit Provider to such redemption, if required under Section 4.01(a).

(c) The City on behalf of the Agency shall have the right to rescind any optional redemption by written notice to the Fiscal Agent and related Remarketing Agent on or prior to the date fixed for redemption. Any notice of redemption, other than a notice of redemption given in connection with a redemption of 2010 Bonds pursuant to Section 4.01(b) or 4.01(c), shall be canceled and annulled if for any reason funds are not available on the date fixed for redemption

for the payment in full of the 2010 Bonds then called for redemption or if the related Credit Provider has not consented to such redemption if consent of such Credit Provider is required hereunder, and such cancellation shall not constitute an event of default under Section 7.01 hereof. The Fiscal Agent shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

SECTION 4.04. Partial Redemption of 2010 Bonds. Upon surrender of any 2010 Bond redeemed in part only, the Fiscal Agent shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new 2010 Bond or 2010 Bonds of Authorized Denominations of the same Series equal in aggregate principal amount to the unredeemed portion of the 2010 Bond or 2010 Bonds surrendered.

SECTION 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price (including accrued interest to the redemption date) of, the 2010 Bonds or portions thereof so called for redemption being held by the Fiscal Agent on the redemption date designated in such notice, the 2010 Bonds or portions thereof so called for redemption shall become due and payable, interest on the 2010 Bonds so called for redemption shall cease to accrue, said 2010 Bonds or portions thereof shall cease to be entitled to any benefit or security under this Fiscal Agent Agreement, and the Owners of said 2010 Bonds shall have no rights in respect thereof except to receive payment of said redemption price (including accrued interest to the redemption date). Subject to Section 10.03 hereof, the Fiscal Agent shall, upon surrender for payment of any of said 2010 Bonds, pay said 2010 Bonds at the aforesaid redemption price.

All 2010 Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof and destroyed, and a certificate of the destruction thereof shall upon written request of the City on behalf of the Agency be delivered by the Fiscal Agent to the Agency and the City.

SECTION 4.06. Tenders for Purchase. The 2010 Bonds of each Series are subject to optional and mandatory tender for purchase as provided in this Section.

(a) Optional Tender. Beneficial Owners of Variable Rate Bonds bearing interest at a Daily Rate, Weekly Rate or Monthly Rate of each Series may elect to have their 2010 Bonds, or portions thereof in amounts equal to Authorized Denominations (so long as any untendered portion is also an Authorized Denomination), purchased at a purchase price equal to the principal amount of such 2010 Bonds (or portions thereof), plus accrued interest, if any, payable in immediately available funds on the following purchase dates and upon the giving of the following telephonic notice, confirmed in writing, or written notices meeting the further requirements of subsection (b) below:

(1) Variable Rate Bonds with interest payable at a Daily Rate may be tendered for purchase on any Business Day on or prior to conversion from a Daily Rate to a different Variable Rate, upon delivery of an irrevocable telephonic notice, confirmed in writing, or written notice of tender given to the Tender Agent, the Fiscal Agent and the applicable Remarketing Agent not later than 11:00 a.m., New York City time, on the designated purchase date.

(2) Variable Rate Bonds with interest payable at a Weekly Rate may be tendered for purchase on any Business Day on or prior to conversion from a Weekly Rate to a different Variable Rate, upon delivery of an irrevocable written notice of tender to the Tender Agent, the Fiscal Agent and the applicable Remarketing Agent not later than 4:00 p.m., New York City time, on a Business Day not less than five (5) Business Days prior to the designated purchase date, which date shall be set forth in the tender notice.

(3) Variable Rate Bonds with interest payable at a Monthly Rate may be tendered for purchase on the commencement date of the next succeeding Rate Period for such 2010 Bonds upon delivery of an irrevocable written notice of tender to the Tender Agent, the Fiscal Agent and the applicable Remarketing Agent not later than 4:00 p.m., New York City time, on a Business Day not less than five (5) Business Days prior to the designated purchase date.

(b) Notice of Tender. Each notice of tender:

(1) shall be delivered to the Tender Agent and the applicable Remarketing Agent at its principal office and be in form satisfactory to the Tender Agent;

(2) shall state (a) the principal amount of the 2010 Bond to which the notice relates and the CUSIP number of such 2010 Bond, (b) that the Beneficial Owner irrevocably demands purchase of such 2010 Bond or a specified portion thereof in an amount equal to an Authorized Denomination, (c) the date on which such 2010 Bond or portion is to be purchased, and (d) payment instructions with respect to the purchase price; and

(3) shall automatically constitute (a) an irrevocable offer to sell the 2010 Bond (or portion thereof) to which such notice relates on the purchase date to any purchaser selected by the applicable Remarketing Agent, at a price equal to the principal amount of such 2010 Bond (or portion thereof) plus any interest thereon accrued and unpaid as of the purchase date, (b) an irrevocable authorization and instruction to the Tender Agent to effect transfer of such 2010 Bond (or portion thereof) upon payment of such price to the Tender Agent on the purchase date, (c) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the 2010 Bond to be purchased in whole or in part for other 2010 Bonds of the same Series in an equal aggregate principal amount so as to facilitate the sale of such 2010 Bond (or portion thereof to be purchased), and (d) an acknowledgment that such Beneficial Owner will have no further rights with respect to such 2010 Bond (or portion thereof) upon deposit of an amount equal to the purchase price thereof with the Tender Agent on the purchase date, except for the right of such Beneficial Owner subject to Subsection (k) to receive such purchase price on the purchase date.

The determination of the Tender Agent and the applicable Remarketing Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be

conclusive and binding upon the Beneficial Owner. The Tender Agent or the applicable Remarketing Agent may waive any irregularity or nonconformity in any tender.

(c) Procedures Upon Optional Tender. The applicable Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all related 2010 Bonds or portions thereof for which notice of tender has been received pursuant to subsection (a) of this Section. The terms of any sale by the applicable Remarketing Agent shall provide for the payment of the purchase price for tendered 2010 Bonds by such Remarketing Agent to the Tender Agent in immediately available funds at or before 11:45 a.m., New York City time on the Optional Tender Date. At or before 11:00 a.m., New York City time on the date fixed for purchase of tendered 2010 Bonds, the applicable Remarketing Agent shall give notice by telecopy or email to the Tender Agent, the Fiscal Agent and the related Credit Provider (promptly confirmed by telephone and in writing) of the principal amount of tendered 2010 Bonds that were remarketed and specifying the names, addresses and taxpayer identification numbers of purchasers of remarketed 2010 Bonds, the denominations of remarketed 2010 Bonds to be delivered to each purchaser and, if available, payment method instructions for regularly scheduled interest payments on such remarketed 2010 Bonds. The applicable Remarketing Agent shall cause to be paid to the Tender Agent on the date fixed for purchase of tendered 2010 Bonds, all amounts representing proceeds of the remarketing of such 2010 Bonds, such payments to be made in the manner and at the time specified in this Subsection (c). If such amounts are not sufficient to pay the principal amount plus the accrued and unpaid interest thereon (if any) to the purchase date, the Tender Agent shall at or before 12:00 noon, New York City time, on the purchase date notify the Fiscal Agent, the Agency and the City of the amount to be drawn under the related Credit Facility to satisfy the deficiency. The Fiscal Agent shall, at or before 1:00 p.m., New York City time, on the purchase date, present drafts for payment under and in accordance with the terms of such Credit Facility in an amount equal to such deficiency (or, if the Tender Agent has not notified the Fiscal Agent of the amount of such deficiency, in an amount equal to the principal amount of all tendered 2010 Bonds plus the accrued and unpaid interest thereon (if any) to the purchase date). The Fiscal Agent shall either instruct the related Credit Provider to pay the proceeds of such draw on such Credit Facility directly to the Tender Agent or promptly deposit the proceeds of such draw on such Credit Facility with the Tender Agent.

(d) Mandatory Tenders. All 2010 Bonds of a Series shall be subject to mandatory tender at a purchase price equal to the principal amount thereof, plus accrued interest, on the following Mandatory Tender Dates and under the circumstances as follows:

(1) on any Conversion Date for such Series;

(2) on any date the Agency delivers an Alternate Credit Facility for such Series;

(3) on the tenth (10th) day (or if such day is not a Business Day, on the immediately preceding Business Day) following receipt by the Fiscal Agent of written notice from a Credit Provider stating that either (a) an event of default has

occurred under and as defined in the related Reimbursement Agreement and requesting that the related 2010 Bonds be purchased pursuant to this Section 4.06(d), or (b) the stated interest portion of such Credit Facility has not been reinstated to the full stated amount thereof following a draw thereon to pay interest on such 2010 Bonds;

(4) on the last Business Day which is not less than ten (10) days before the Stated Expiration Date of a Credit Facility with respect to a Series of 2010 Bonds if an Alternate Credit Facility is not delivered to the Fiscal Agent at least twenty-five (25) days before such Stated Expiration Date; and

(5) on the Initial BBH Period Tender Date (and/or any other date agreed to by the Agency and the Bank Bond Holder in writing, including but not limited to in a supplement or amendment to the Continuing Covenant Agreement).

Neither the Bondholders nor the Beneficial Owners shall in any of such events, have any right to elect to retain such 2010 Bonds. The applicable Remarketing Agent shall offer for sale and use its best efforts to find purchasers for the 2010 Bonds subject to mandatory tender pursuant to clauses (1), (2) and (3) above; provided that any such remarketing following mandatory tender pursuant to clause (3) above shall be undertaken only with the consent of the related Credit Provider. The terms of any sale by a Remarketing Agent shall provide for the payment of the purchase price of the tendered 2010 Bonds by such Remarketing Agent to the Tender Agent in immediately available funds at or before 10:30 a.m., New York City time, on the relevant purchase date. Notice of a mandatory tender shall be given as set forth in Section 2.03(h)(iii) and Section 4.06(J) of this Fiscal Agent Agreement, except that with respect to a mandatory tender pursuant to (3) above, notice shall be mailed as soon as practicable after receipt of the written notice from the related Credit Provider set forth in (3) above.

(e) Procedures Upon Mandatory Tender. At or before 11:00 a.m., New York City time, on the Mandatory Tender Date, the applicable Remarketing Agent for the 2010 Bonds tendered shall give notice by telecopy or email to the Tender Agent and the related Credit Provider of the principal amount of tendered 2010 Bonds that were remarketed specifying the names, addresses and taxpayer identification numbers of purchasers of remarketed 2010 Bonds, the denominations of remarketed 2010 Bonds to be delivered to each purchaser and, if available, payment method instructions for regularly scheduled interest payments on such remarketed 2010 Bonds. Such Remarketing Agent shall cause to be paid to the Tender Agent, on the date fixed for purchase of tendered 2010 Bonds, all amounts representing proceeds of the remarketing of such 2010 Bonds, such payments to be made in the manner and at the time specified in subsection (d) above. If such amounts are not sufficient to pay the principal amount plus the accrued and unpaid interest thereon to the purchase date (if any), the Tender Agent shall at or before 12:00 p.m., New York City time, on the purchase date notify the Fiscal Agent, the Agency, the City and the related Credit Provider of the amount to be paid by such Credit Provider under the applicable Credit Facility to satisfy the deficiency (or, if the Tender Agent has not notified the Fiscal Agent of the amount of such deficiency, in an amount equal to the principal amount of all tendered 2010 Bonds plus the accrued and unpaid interest thereon

(if any) to the purchase date). The Fiscal Agent shall, at or before 1:00 p.m., New York City time, on the purchase date, present drafts for payment under and in accordance with the terms of such Credit Facility in an amount equal to such deficiency. The Fiscal Agent shall either instruct the related Credit Provider to transfer the proceeds of such draw on such Credit Facility directly to the Tender Agent or promptly deposit the proceeds of such draw on such Credit Facility with the Tender Agent.

(f) Purchase Fund. The Tender Agent shall establish and maintain a special fund designated as the "Bond Purchase Fund" (herein called the "Purchase Fund") and within such fund two separate accounts for each Series of 2010 Bonds issued, designated, respectively, as the "_____ Credit Facility Proceeds Account," and the "_____ Remarketing Proceeds Account" (inserting therein the Series designation of such 2010 Bonds). The money in the Purchase Fund shall be held in trust and applied solely as provided in this subsection. The Tender Agent shall deposit all moneys, other than proceeds of drawings upon a Credit Facility, delivered to it hereunder for the purchase of 2010 Bonds of a Series into the related Series-designated Remarketing Proceeds Account if such amounts arise from the remarketing of such 2010 Bonds, and shall hold all such moneys in trust for the exclusive benefit of the persons that shall have so delivered such moneys until the 2010 Bonds purchased with such moneys shall have been delivered to it for the account of such persons and, thereafter, for the benefit of the Holders tendering such 2010 Bonds. Moneys in a Series-designated Credit Facility Proceeds Account shall be used to pay the purchase price only of 2010 Bonds of such Series, and moneys received from the remarketing of 2010 Bonds of any Series, shall be used only to pay the purchase price only of 2010 Bonds of such Series. The Tender Agent shall deposit all moneys delivered to it hereunder from drawings under a Credit Facility for the purchase of 2010 Bonds into the related Series-designated Credit Facility Proceeds Account to the extent required for the purchase of 2010 Bonds of such Series, and shall hold all such moneys in trust for the exclusive benefit of the Bondholders who shall deliver 2010 Bonds to it for purchase until the 2010 Bonds purchased with such moneys shall have been delivered to it for the account of the related Credit Provider.

No moneys in any Credit Facility Proceeds Account or Remarketing Proceeds Account shall be commingled with other funds held by the Tender Agent, and all such money shall remain uninvested. The Agency shall not have any right, title or interest in or to any moneys held in the Purchase Fund or held by any Remarketing Agent.

(g) Payment of Purchase Price. At or before 3:30 p.m., New York City time, on the date set for purchase of tendered 2010 Bonds and upon receipt by the Tender Agent of 100% of the aggregate purchase price of the tendered 2010 Bonds, the Tender Agent shall pay the purchase price of such 2010 Bonds to the Holders thereof at its Principal Office or by bank wire transfer or through the facilities of DTC. Such payments shall be made in immediately available funds. The Tender Agent shall apply in order (1) moneys paid to it by the applicable Remarketing Agent as proceeds of the remarketing of such 2010 Bonds by such Remarketing Agent and (2) moneys furnished to the Tender Agent by the Fiscal Agent and derived from drawings under the related Credit Facility. If at 3:30 p.m., New York City time, on any date of purchase of 2010 Bonds any balance remains in the applicable Credit Facility Proceeds Account of the

Purchase Fund in excess of any unsatisfied purchase obligation, such excess shall be promptly returned to the related Credit Provider. If the funds available for purchases of 2010 Bonds pursuant to this Section are inadequate for the purchase of all 2010 Bonds tendered on any purchase date, no purchase shall be consummated and the Tender Agent shall (a) return all tendered 2010 Bonds to the Holders thereof, and (b) return all moneys received for the purchase of such 2010 Bonds to the persons providing such moneys. Upon such event, if such 2010 Bonds are in a Variable Rate other than an Index Rate Mode, then such returned 2010 Bonds that are not in the Index Rate Mode shall bear interest at the Alternate Rate until such time as funds become available for purchase of all such tendered Bonds, and if such 2010 Bonds are in the Index Rate Mode, then such returned 2010 Bonds shall remain in the Index Rate Mode and be subject to the other payment provisions of this Fiscal Agent Agreement and the Continuing Covenant Agreement.

(h) Delivery of 2010 Bonds. Subject to Subsection (k), all 2010 Bonds to be purchased on any Optional Tender Date or Mandatory Tender Date shall be required to be delivered to the Principal Office of the Tender Agent at or before 11:00 a.m., New York City time, on such purchase date. If the Holder of any 2010 Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such 2010 Bond to the Tender Agent for purchase on or prior to such Optional Tender Date or Mandatory Tender Date, and if the Tender Agent is in receipt of the purchase price therefor, such 2010 Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2010 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided below. Any Holder who fails to deliver such 2010 Bond for purchase shall have no further rights thereunder except the right to receive the purchase price thereof upon presentation and surrender of said 2010 Bond to the Tender Agent. The Tender Agent shall, as to any tendered 2010 Bonds that have not been delivered to it, (i) promptly notify the applicable Remarketing Agent remarketing such 2010 Bonds of such non-delivery and (ii) instruct the Fiscal Agent to place a stop transfer against an appropriate amount of 2010 Bonds registered in the name of such Holder(s) on the 2010 Bond registration books. The Fiscal Agent shall place such stop(s) commencing with the lowest serial number 2010 Bond registered in the name of such Holder(s) until stop transfers have been placed against an appropriate amount of 2010 Bonds until the appropriate tendered 2010 Bonds are delivered to the Fiscal Agent. Upon such delivery, the Fiscal Agent shall make any necessary adjustments to the 2010 Bond registration books. On the date of purchase, the Fiscal Agent shall direct the Tender Agent to authenticate and deliver all 2010 Bonds purchased on any purchase date as follows: (1) 2010 Bonds purchased and remarketed by the applicable Remarketing Agent shall be registered in the name of the Depository (or its Nominee) or as otherwise directed by such Remarketing Agent and delivered to the Nominee for the account of the purchasers of such 2010 Bonds in accordance with the instructions of such Remarketing Agent; and (2) 2010 Bonds purchased with amounts furnished under a Credit Facility, if any, shall be registered in the name of the related Credit Provider.

(i) Limitations on Purchases and Sales. If there shall have occurred and be continuing an event of default under Section 7.01 hereof, purchases of 2010 Bonds shall

be made only with the proceeds from a drawing under a Credit Facility and there shall be no sales of 2010 Bonds pursuant to this Section. A Remarketing Agent shall not sell 2010 Bonds if such Remarketing Agent receives written notice from a Credit Provider stating that an event of default under the related Reimbursement Agreement has occurred and is continuing and requesting such Remarketing Agent not to remarket 2010 Bonds. In the event that 2010 Bonds purchased with the proceeds of a drawing on a Credit Facility are remarketed by a Remarketing Agent on behalf of the related Credit Provider, the Fiscal Agent shall re-register such 2010 Bonds in the name of or at the direction of the purchaser thereof only upon receipt from such Credit Provider of written notification that the principal and interest components of the related Credit Facility have been reinstated.

(j) Content of Notices of Mandatory Tender. Notices of mandatory tender mailed to Bondholders pursuant to subsection (d) of this Section shall:

(1) specify the proposed Mandatory Tender Date;

(2) state that the 2010 Bonds shall be subject to mandatory tender for purchase on the Mandatory Tender Date;

(3) state that Holders may not elect to retain their 2010 Bonds following the Mandatory Tender Date;

(4) state that all 2010 Bonds shall be required to be delivered to the Principal Office of the Tender Agent at or before 11:00 a.m., New York City time, on the Mandatory Tender Date;

(5) state that if the Holder of any 2010 Bond (or portion thereof) fails to deliver such 2010 Bond to the Tender Agent for purchase on the Mandatory Tender Date, and if the Tender Agent is in receipt of the purchase price therefor, such 2010 Bond (or portion thereof) shall nevertheless be deemed purchased on the Mandatory Tender Date and ownership of such 2010 Bond (or portion thereof) shall be transferred to the purchaser thereof; and

(6) state that any Holder who fails to deliver such 2010 Bond for purchase shall have no further rights thereunder except the right to receive the purchase price thereof upon presentation and surrender of said 2010 Bond to the Tender Agent and that the Fiscal Agent will place a stop transfer against the 2010 Bonds registered in the name of such Holder(s) on the 2010 Bond registration books.

(k) Book-Entry System; Tenders. Notwithstanding any other provision of this Fiscal Agent Agreement, during any period that the 2010 Bonds are issued in book entry only form, (i) any notice of tender delivered pursuant to the above provisions must also (a) provide a written certification to the Tender Agent that the party delivering the notice is the Beneficial Owner of the 2010 Bonds referred to in the notice, and (b) if the Beneficial Owner is other than a Participant, identify the Participant through whom the Beneficial Owner will direct the transfer referred to in the following subsection (ii);

(ii) on or before the purchase date, the Beneficial Owner must irrevocably direct (or if the Beneficial Owner is not a Participant, cause its Participant to irrevocably direct) the transfer of such 2010 Bonds on the records of the Depository to the account of, or as directed by, the Tender Agent; and (iii) it shall not be necessary for 2010 Bonds to be delivered on the date specified for purchase thereof, but such purchase shall be made as if such 2010 Bonds had been so delivered, and the purchase price thereof shall be paid to the Depository if such irrevocable transfer instructions are received by the Tender Agent.

SECTION 4.07. The Remarketing Agents. Any Remarketing Agent appointed in accordance with this Fiscal Agent Agreement shall designate its principal office and signify its acceptance of the duties and obligations imposed upon it as described herein by a written instrument of acceptance delivered to the Fiscal Agent, the Agency, the City and the related Credit Provider under which each Remarketing Agent will agree with respect to the applicable Series of 2010 Bonds, particularly:

(a) to hold all moneys delivered to it hereunder for the purchase of 2010 Bonds for the benefit of the person or persons that shall have so delivered such moneys until the 2010 Bonds purchased with such moneys shall have been delivered to or for the account of such person or persons;

(b) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Fiscal Agent, the Agency, the City and the related Credit Provider at all reasonable times;

(c) to determine the Variable Rates and Fixed Rate for such Series of 2010 Bonds and give notice of such rates to the Fiscal Agent, the Agency, the City and the related Credit Provider in accordance with Section 2.03 hereof;

(d) to offer for sale and use its best efforts to find purchasers for the Variable Rate 2010 Bonds of such Series tendered for purchase and Bank Bonds of such Series, any such sale to be made at an interest rate not in excess of the Maximum Interest Rate and at a price equal to 100% of the principal amount thereof plus accrued interest to the purchase date, in accordance with the terms of this Fiscal Agent Agreement; *provided, however*, that there shall be no sales of 2010 Bonds pursuant hereto if a Remarketing Agent receives written notice from the related Credit Provider stating that an event of default under the related Reimbursement Agreement has occurred and is continuing and requesting such Remarketing Agent not to remarket 2010 Bonds; and

(e) to deliver to the Tender Agent all Variable Rate Bonds of such Series held by it in accordance with the terms of this Fiscal Agent Agreement and the related Remarketing Agreement.

In the event that a Remarketing Agent shall be dissolved, or if the property or affairs of a Remarketing Agent shall be taken under control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Agency shall not have appointed its successor as Remarketing Agent, the Tender Agent shall, for the applicable Series of 2010 Bonds, hold funds and 2010 Bonds then held by the Remarketing Agent under

this Fiscal Agent Agreement until the appointment by the Agency of a successor Remarketing Agent; provided, that, the Tender Agent, in its capacity as Remarketing Agent, shall not be required to sell 2010 Bonds or determine the interest rate on the 2010 Bonds hereunder.

Any Remarketing Agent appointed hereunder shall be a commercial bank or trust company or a member of the National Association of Securities Dealers, Inc., and authorized by law to perform all the duties imposed upon it by this Fiscal Agent Agreement and the related Remarketing Agreement.

A Remarketing Agent may in good faith hold any other form of indebtedness issued by the Agency or any security issued by the Agency; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations thereof; and make disbursements therefor and enter into any commercial or business arrangement therewith, all without any liability on the part of such Remarketing Agent for any real or apparent conflict of interest by reason of any such actions.

A Remarketing Agent may at any time resign and be discharged of the duties and obligations described in this Fiscal Agent Agreement by giving at least sixty (60) days' notice to the Fiscal Agent, the Tender Agent, the related Credit Provider, the Agency and the City. Successor Remarketing Agents may be appointed from time to time by the Agency with the prior written approval of the related Credit Provider, which approval shall not be unreasonably withheld (and shall be deemed given 15 days after a written request therefor is delivered to the related Credit Provider unless prior to such time such Credit Provider objects to such appointment in writing). A Remarketing Agent may be removed at any time by the Agency with the prior written approval of the related Credit Provider, which approval shall not be unreasonably withheld (and shall be deemed given 15 days after a written request therefor is delivered to the related Credit Provider unless prior to such time such Credit Provider objects to such removal in writing), and, upon at least thirty (30) days' notice to the Remarketing Agent, the Tender Agent and the Fiscal Agent, so long as a successor Remarketing Agent shall have assumed the duties thereof by such date and shall be authorized by law to perform all the duties imposed upon it by this Fiscal Agent Agreement and the related Remarketing Agreement.

No such resignation or removal of a Remarketing Agent shall be effective until a successor Remarketing Agent shall have accepted appointment as a Remarketing Agent. If no successor Remarketing Agent shall have been so appointed and have accepted appointment within sixty (60) days after the giving of such notice of resignation or within thirty (30) days after the giving of such notice of removal, such Remarketing Agent may petition any court of competent jurisdiction for the appointment of a successor Remarketing Agent. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe and appoint a successor Remarketing Agent.

Subject to the other requirements of this Section 4.07, the Agency may, in its sole discretion, elect to have one Remarketing Agent for one or more Series of 2010 Bonds or a different Remarketing Agent for each Series of 2010 Bonds or any combination thereof.

SECTION 4.08. The Tender Agent. The Agency hereby appoints Wells Fargo, Bank, National Association, as the initial Tender Agent for the 2010 Bonds, and it and each successor Tender Agent appointed in accordance with this Fiscal Agent Agreement shall

designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it as described herein by a written instrument of acceptance delivered to the Agency, the City, the Fiscal Agent, each Remarketing Agent and each Credit Provider under which the Tender Agent will agree, particularly:

(a) to hold all 2010 Bonds delivered to it for purchase hereunder in trust for the exclusive benefit of the respective Holders that shall have so delivered such 2010 Bonds until moneys representing the purchase price of such 2010 Bonds shall have been delivered to or for the account of or to the order of such Holders;

(b) to hold all moneys, other than proceeds of drawings upon the Credit Facilities, delivered to it hereunder for the purchase of 2010 Bonds in trust for the exclusive benefit of the persons that shall have so delivered such moneys until the 2010 Bonds purchased with such moneys shall have been delivered to it for the account of such persons and, thereafter, for the benefit of the Holders tendering such 2010 Bonds;

(c) to hold all moneys delivered to it hereunder from drawings under the Credit Facilities for the purchase of 2010 Bonds in trust for the exclusive benefit of the Bondholders who shall deliver 2010 Bonds to it, for purchase until the 2010 Bonds purchased with such moneys shall have been delivered to the Tender Agent for the account of the Credit Providers;

(d) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Agency, the City, the Fiscal Agent, each Remarketing Agent and each Credit Provider; and

(e) to deliver 2010 Bonds registered in the name of a Credit Provider in accordance with written instructions received from such Credit Provider.

Any successor Tender Agent shall be a commercial bank with trust powers or trust company duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $10,000,000, and authorized by law to perform all duties imposed upon it hereunder. Each Tender Agent shall have an office, agency or affiliate in New York, New York. A Tender Agent may at any time resign and be discharged of its duties and obligations by giving at least sixty (60) days' notice to the Agency, the City, the Fiscal Agent, each Credit Provider, each Remarketing Agent and all Holders of Variable Rate Bonds then Outstanding. Any Tender Agent may be removed at any time by the Agency with the prior written approval of each Credit Provider and any Bank Bond Holder, which approval shall not be unreasonably withheld, upon at least thirty (30) days' notice to the Fiscal Agent and each Remarketing Agent. Any such resignation or removal shall not take effect until the appointment of and acceptance of such appointment by a successor Tender Agent. Successor Tender Agents may be appointed from time to time by the Agency with the prior written approval of each Credit Provider and any Bank Bond Holder, which approval shall not be unreasonably withheld. The Fiscal Agent shall provide notice of such successor Tender Agent to all Holders of the 2010 Bonds. Upon the resignation or removal of a Tender Agent, such Tender Agent shall deliver any 2010 Bonds and moneys held by it in such capacity to its successor. The

Tender Agent shall be entitled to the same indemnifications and limitations from liability afforded to the Fiscal Agent hereunder. The Tender Agent may act through agents and affiliates in the performance of its duties and responsibilities under this Fiscal Agent Agreement.

ARTICLE V

SUBORDINATE HOUSING SET-ASIDE AMOUNTS

SECTION 5.01. Pledge of Subordinate Housing Set-Aside Amounts; Subordinate Housing Set-Aside Special Fund. There is hereby created a special fund called "City of San José, California, Subordinate Housing Set-Aside Special Fund" (the "Subordinate Housing Set-Aside Special Fund"), to be held by the City on behalf of the Agency. For each Series of 2010 Bonds issued hereunder, two special trust accounts shall be established and maintained in trust by the Fiscal Agent designated as the "_____ Subordinate Housing Set-Aside Interest Account" and the "_____ Subordinate Housing Set-Aside Principal Account." Separate accounts within the Subordinate Housing Set-Aside Special Fund may be established for payment of Parity Debt.

The Subordinate Housing Set-Aside Amounts and the amounts on deposit in the Subordinate Housing Set-Aside Special Fund, the Subordinate Housing Set-Aside Project Fund, the Subordinate Housing Set-Aside Interest Accounts and the Subordinate Housing Set-Aside Principal Accounts are hereby irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the 2010 Bonds and any Parity Debt and to the payment of all amounts owing to each Bank Bond Holder and/or any Credit Provider. The Subordinate Housing Set-Aside Amounts and such other moneys held under this Agreement, unless as otherwise provided in Articles III and IV, shall not be used for any other purpose while any of the 2010 Bonds remain Outstanding or any amount remains owing to each Bank Bond Holder and/or any Credit Provider. This pledge shall constitute a first lien on the Subordinate Housing Set-Aside Amounts and such other moneys held under this Agreement for the payment of the 2010 Bonds and Parity Debt and to the payment of all amounts owing to each Bank Bond Holder and/or any Credit Provider, all in accordance with the terms hereof.

SECTION 5.02. Subordinate Housing Set-Aside Special Fund and Trust Accounts. All Subordinate Housing Set-Aside Amounts, and other moneys identified herein, received in any Bond Year shall be deposited in the Subordinate Housing Set-Aside Special Fund in accordance with this Section promptly upon receipt thereof by the Agency or the City on behalf of the Agency. Moneys accumulated in the Subordinate Housing Set-Aside Special Fund shall be transferred by the City on behalf of the Agency to the Fiscal Agent for deposit in the following accounts in the following priority; provided, however, that to the extent that deposits have been made in any of the accounts referred to below from the proceeds of the sale of Parity Debt or otherwise, the deposits below need not be made:

(a) Subordinate Housing Set-Aside Interest Accounts. Transfers shall be made by the City on behalf of the Agency to the Fiscal Agent from the Subordinate Housing Set-Aside Special Fund for deposit in each Series-designated Subordinate Housing Set-Aside Interest Account on or before the Business Day next preceding each Interest Payment Date, so that the balance in said Account on said date shall be equal to

the aggregate amount of interest becoming due and payable on the then Outstanding related 2010 Bonds on the next succeeding Interest Payment Date. Such transfers shall be made on a pro rata parity basis with respect to interest on any Parity Debt becoming due and payable. Moneys in a Subordinate Housing Set-Aside Interest Account shall be used by the Fiscal Agent for the payment of interest on the related Series of 2010 Bonds, including Bank Bonds, as it shall become due and payable (including accrued interest on any 2010 Bonds purchased or redeemed prior to maturity pursuant to this Fiscal Agent Agreement) or to reimburse the related Credit Provider for drawings under its Credit Facility to pay interest on such 2010 Bonds pursuant to Section 5.04 hereof, and to reimburse the related Credit Provider for interest accrued on any unreimbursed drawings on such Credit Facility to pay principal of or interest on 2010 Bonds pursuant to Section 5.04 hereof, which reimbursements shall be made after receipt by the Fiscal Agent of funds from drawings on such Credit Facility. The Fiscal Agent shall also, if so directed in a Request of the Agency or City, use amounts on deposit in a Subordinate Housing Set-Aside Interest Account to pay the related Credit Provider any fees owed under the related Reimbursement Agreement or a Bank Bond Holder any amounts owing under the Continuing Covenant Agreement. Any moneys in a Subordinate Housing Set-Aside Interest Account not then required for the payment or reimbursement of interest on the next succeeding Interest Payment Date or redemption date shall be carried forward and applied to the payment of interest on any subsequent Interest Payment Date.

(b) Subordinate Housing Set-Aside Principal Accounts. After the deposits have been made pursuant to subparagraph (a) above and on or before the Business Day next preceding each Principal Payment Date, transfers shall be made by the City on behalf of the Agency to the Fiscal Agent from the Subordinate Housing Set-Aside Special Fund for deposit in each Series-designated Subordinate Housing Set-Aside Principal Account so that the balance in said Accounts on said date shall be equal to the principal and sinking fund payments coming due on the then Outstanding related Series of 2010 Bonds on the next succeeding Principal Payment Date. Such transfers shall be made on a pro rata parity basis with respect to the principal of any Parity Debt becoming due and payable. Moneys in a Subordinate Housing Set-Aside Principal Account shall be used by the Fiscal Agent for the payment of principal and sinking fund payments on the related 2010 Bonds as they become due, or to reimburse the related Credit Provider for drawings under the related Credit Facility to pay such principal or mandatory Sinking Account Payments on the 2010 Bonds pursuant to Section 5.04 hereof, which reimbursements shall be made after receipt by the Fiscal Agent of funds from drawings on such Credit Facility. Any moneys in a Subordinate Housing Set-Aside Principal Account not then required for the payment of principal on any Principal Payment Date shall be carried forward and applied to the payment of principal on any subsequent Principal Payment Date.

(c) On or prior to August 1 of each year, the City on behalf of the Agency shall (i) determine the amount on deposit in the Subordinate Housing Set-Aside Special Fund at such time and (ii) calculate the amount required to pay the principal of and interest on the 2010 Bonds of each Series and any Parity Debt through and including the next succeeding May 1 (assuming in the case of 2010 Bonds and any Parity Debt bearing interest at a variable rate, that the rate on the 2010 Bonds and any Parity Debt shall be the

Assumed Rate) for the period commencing on and including the date of such calculation to and including the next succeeding May 1. The City shall set aside in the Subordinate Housing Set-Aside Special Fund the amount, if any, by which the amount in clause (ii) above exceeds the amount in clause (i) above, and after such amount has been set aside in the Subordinate Housing Set-Aside Special Fund, but subject to the provisions of Section 6.06 and Article VII of this Fiscal Agent Agreement, the Agency and the City may thereafter use any remaining amount of Subordinate Housing Set-Aside Amounts for any lawful purpose.

Notwithstanding the preceding paragraph if at any time there are insufficient amounts on deposit in the Subordinate Housing Set-Aside Special Fund to make the transfers required by this Section 5.02 or to pay principal or interest due on the 2010 Bonds under any other Section of this Fiscal Agent Agreement, the Agency and the City shall immediately deposit in the Subordinate Housing Set-Aside Special Fund any available Subordinate Housing Set-Aside Amounts in the amounts and at the times necessary such that there are no longer any insufficiencies in amounts on deposit in the Subordinate Housing Set-Aside Special Fund. Additionally, if at any time after the City on behalf of the Agency has set aside amounts in the Subordinate Housing Set-Aside Special Fund in accordance with the preceding paragraph, the actual interest rate on the 2010 Bonds and any Parity Debt exceeds the interest rates which were assumed in making the calculations set forth in clause (ii) of the preceding paragraph, the Agency or the City shall immediately calculate and deposit in the Subordinate Housing Set-Aside Special Fund all amounts necessary to ensure that sufficient amounts are on deposit in such Fund to make the transfers required by this Section 5.02 through and including the next succeeding May 1 or to pay principal or interest due on the 2010 Bonds under any other Section of this Fiscal Agent Agreement; provided that in determining the amounts required to be so deposited by the Agency or the City in such Fund, the interest rate assumptions set forth in clause (ii) in the preceding paragraph shall be utilized for any period with respect to which the interest rate on the 2010 Bonds has not yet been determined.

SECTION 5.03. Investment of Moneys in Funds. Any moneys in any of the funds established by the Fiscal Agent pursuant to this Fiscal Agent Agreement (other than the Credit Facility Fund, amounts in which shall be held in cash and not invested unless otherwise directed in writing by the City), upon the Request of the Agency or the City, shall be invested in Permitted Investments (subject in each case to the limitations as to maturities hereinafter in this section set forth). The Fiscal Agent may conclusively rely that investments directed by such Agency or City Request are Permitted Investments and in accordance with the Investment Policy. The Fiscal Agent shall notify the City and the Agency not less than two (2) Business Days prior to the date moneys held hereunder will be available for investment requesting that the Agency or City deliver to the Fiscal Agent a Request of the Agency or City specifying the Permitted Investments to be acquired by the Fiscal Agent with such moneys. In the absence of any Request, the Fiscal Agent shall first invest moneys in item (i) of the definition of Permitted Investments, to the maximum extent practicable, and the balance of such moneys shall be invested in item (vi) of the definition of Permitted Investments.

Moneys in the Subordinate Housing Interest Accounts and the Subordinate Housing Principal Accounts may be invested in obligations which will, as nearly as practicable, mature on or before the respective Interest Payment Dates or Principal Payment Dates on which such moneys will be needed for the payment of interest or the retirement of 2010 Bonds. Moneys in all funds held under the Fiscal Agreement shall be invested in obligations which will, as nearly as practicable, mature on or before the date on which the invested moneys are estimated to be required for expenditure.

The Fiscal Agent may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Fiscal Agent shall not be liable or responsible for any loss resulting from such sale or redemption.

Any interest, profit or other income on such investment of moneys in the Subordinate Housing Set-Aside Costs of Issuance Fund shall be retained in such fund. Any interest, profit or other income on such investment of moneys in the other funds and accounts held by the Fiscal Agent hereunder shall be deposited when received in the Subordinate Housing Set-Aside Special Fund or as otherwise directed by a Request of the Agency or City.

For the purpose of determining the amount in any fund or account hereunder, all Permitted Investments shall be valued on or before each February 1 and August 1 at the lower of the cost thereof (including accrued interest) or the fair market value thereof. The Fiscal Agent may sell at the best price obtainable, or present for redemption, any Permitted Investment so purchased by the Fiscal Agent whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Fiscal Agent shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or misconduct.

The Agency and the City acknowledge that regulations of the Comptroller of the Currency grant the Agency and the City the right to receive brokerage confirmations of security transactions to be effected by the Fiscal Agent hereunder as they occur. The Agency and the City specifically waives the right to receive such broker confirmations to the extent permitted by applicable law and agrees that it will instead receive security advices generated by the Fiscal Agent within five Business Days of purchase or sale (excluding cash sweep transactions) which include details for the investment transactions effected by the Fiscal Agent hereunder; *provided, however,* that the Agency and City retain the right to receive brokerage confirmations on any investment transactions requested by the Agency or City.

The Fiscal Agent may act as sponsor, advisor or depository with regard to any Permitted Investment hereunder.

SECTION 5.04. Draws Under Credit Facilities, Credit Facility Fund. During the Initial BBH Period, no Credit Facility has been obtained to support the 2010 Bonds. The other provisions of this Fiscal Agent Agreement notwithstanding, prior to the Stated Expiration Date or earlier termination of a Credit Facility pursuant to its terms, the Fiscal Agent shall draw on such Credit Facility in an amount and at such time (as such time shall be set forth in such Credit Facility) as shall be required to pay in full when due, from such drawing, the principal of and interest on the related 2010 Bonds (excluding any Outstanding Bank Bonds or 2010 Bonds

registered in the name of the Agency) on each Interest Payment Date, maturity date, Sinking Account Payment Date, other redemption date, upon the defeasance of such 2010 Bonds pursuant to Section 10.01 hereof, and any date on which such 2010 Bonds are declared due and payable pursuant to Section 7.01 due to the occurrence of an event of default hereunder. Prior to the Stated Expiration Date or earlier termination of a Credit Facility pursuant to its terms, the Fiscal Agent shall pay the principal of and interest on such 2010 Bonds (excluding any Outstanding Bank Bonds or 2010 Bonds registered in the name of the Agency) when due and payable solely from moneys drawn under such Credit Facility. The Fiscal Agent shall also draw moneys under the Credit Facility pursuant to Section 4.06 for the purpose of paying the purchase price of any 2010 Bonds (excluding any Outstanding Bank Bonds or 2010 Bonds registered in the name of the Agency) to the extent required by Section 4.06. Pending application as aforesaid, except as required by Section 4.06 in connection with paying the purchase price of 2010 Bonds, moneys drawn under a Credit Facility shall be deposited in a special fund designated the "Credit Facility Fund," within which Fund there shall be established a Series-designated Credit Facility Bond Payment Account for each Series of 2010 Bonds. The Credit Facility Fund and the accounts therein shall be established and maintained by the Fiscal Agent and held in trust apart from all other moneys and securities held under this Fiscal Agent Agreement or otherwise, and the Fiscal Agent shall have the exclusive and sole right of withdrawal from the Credit Facility Fund and the accounts therein for the exclusive benefit of the Owners of the 2010 Bonds with respect to which such drawing was made. The Fiscal Agent shall deposit all amounts to be deposited in the Credit Facility Fund in the applicable Series-designated Credit Facility Bond Payment Account to the extent such amounts are required to pay debt service on the related 2010 Bonds (but only if a Credit Facility is then in effect with respect to such 2010 Bonds). Moneys in a Series-designated Credit Facility Bond Payment Account shall be used only to pay debt service on the related Series of 2010 Bonds. Moneys in the Credit Facility Fund shall be held in cash and shall not be invested. Any amounts remaining on deposit in the Credit Facility Fund and not required for the purpose for which drawn shall be promptly repaid to the applicable Credit Provider.

SECTION 5.05. Credit Facilities. During the Initial BBH Period, no Credit Facility has been obtained to support the 2010 Bonds. Notwithstanding any other provision of this Fiscal Agent Agreement, during the Initial BBH Period, all references herein to a Credit Facility, a Credit Provider and all related and derivative definitions and references shall be of no force or effect. The Fiscal Agent shall hold and maintain any Credit Facility for the benefit of the related Bondowners until such Credit Facility terminates in accordance with its terms. The Fiscal Agent shall, subject to the provisions of this Fiscal Agent Agreement, diligently enforce all terms, covenants and conditions of each Credit Facility, including payment when due of any draws on such Credit Facility, and will not consent to or agree to or permit any amendment or modification of either thereof which would materially adversely affect the rights or security of the Owners of the 2010 Bonds. The Fiscal Agent may rely on an Opinion of Counsel in determining whether any such modification or amendment materially adversely affects the rights or security of the Owners of the 2010 Bonds. If at any time during the term of any Credit Facility any successor Fiscal Agent shall be appointed and qualified under this Fiscal Agent Agreement, the resigning or removed Fiscal Agent shall request that the related Credit Provider transfer such Credit Facility to the successor Fiscal Agent. If the resigning or removed Fiscal Agent fails to make this request, the successor Fiscal Agent shall do so before accepting appointment. Upon the occurrence of one of the following events with respect to a Series of

2010 Bonds and after any draws on the Credit Facility required hereunder, the Fiscal Agent shall immediately surrender the applicable Credit Facility to the related Credit Provider for cancellation: (i) the Stated Expiration Date, (ii) the date that there are no longer any 2010 Bonds of such Series Outstanding under this Fiscal Agent Agreement, (iii) the Fixed Rate Date for such Series (unless such Credit Facility is to remain in effect with respect to any 2010 Bonds of such Series), (iv) the effective date of an Alternate Credit Facility for such Series (unless such Credit Facility is to remain in effect with respect to any 2010 Bonds of such Series), or (v) the date that all of the 2010 Bonds of such Series are defeased and this Fiscal Agent Agreement is discharged in accordance with its terms. If only one Series of 2010 Bonds is no longer outstanding under this Fiscal Agent Agreement, or if only one Series of 2010 Bonds is converted to a Fixed Rate, or if an Alternate Credit Facility is delivered with respect to only one Series of 2010 Bonds, or if only one Series of 2010 Bonds is defeased pursuant to this Fiscal Agent Agreement, the related Credit Facilities will remain in effect with respect to any other Series of 2010 Bonds Outstanding. Notwithstanding the provisions set forth above, if any of the events set forth in (ii) through (v) above occurs with respect to only one Series of 2010 Bonds, and the related Credit Facility has been in effect with respect to one or more other Series of 2010 Bonds, the Fiscal Agent will not surrender such Credit Facility.

SECTION 5.06. Alternate Credit Facility. The Agency may, at its option, provide for the delivery to the Fiscal Agent of an Alternate Credit Facility in substitution for the Credit Facility then in effect for any Series of 2010 Bonds (i) at any time with respect to 2010 Bonds of any Series bearing interest at a Weekly Rate or a Daily Rate, (ii) on any Interest Payment Date with respect to 2010 Bonds of any Series bearing interest at a Monthly Rate, a Flexible Rate or a Semiannual Rate, and (iii) on any Conversion Date with respect to any Series of 2010 Bonds. The City on behalf of the Agency shall give written notice of its intention to exercise such option to the Fiscal Agent, the Remarketing Agent and the then-current related Credit Provider at least forty-five (45) days before the proposed effective date of such Alternate Credit Facility and the Fiscal Agent shall give written notice of such intention to the Holders of such 2010 Bonds no less than fifteen (15) days before the proposed effective date of such Alternate Credit Facility. On or before the date of the delivery of an Alternate Credit Facility to the Fiscal Agent, the City on behalf of the Agency shall furnish to the Fiscal Agent (i) an Opinion of Bond Counsel substantially to the effect that the delivery of such Alternate Credit Facility to the Fiscal Agent is authorized under this Fiscal Agent Agreement and complies with the terms of the Fiscal Agent Agreement (ii) an Opinion of Counsel addressed to the Fiscal Agent stating that the delivery of such Alternate Credit Facility will not adversely affect the exemption of any 2010 Bonds from registration under the Securities Act of 1933, as amended, or that the 2010 Bonds have been so registered; (iii) an Opinion of Counsel addressed to the Fiscal Agent to substantially the same effect as the opinion delivered by counsel to the applicable Credit Provider in connection with the delivery of such Credit Facility being replaced; and (iv) written direction to the Fiscal Agent to give notice to the Bondholders of mandatory tender on the proposed date of delivery of the Alternate Credit Facility in accordance with the procedures specified in Section 4.06(d). The purchase price of 2010 Bonds tendered pursuant to the provisions of Section 4.06(d)(2) in connection with any such substitution shall be paid from proceeds of a draw or draws on the Credit Facility being replaced, which Credit Facility shall not be surrendered until such draw or draws, the proceeds of which are to be applied to pay such purchase price, shall have been honored. Not fewer than fifteen (15) days prior to the proposed mandatory tender date, the Fiscal Agent shall mail (by first class mail) a written notice thereof to the Holders of the related

2010 Bonds at their addresses as they appear on the registration books of the Fiscal Agent on the day on which notice is received by the Fiscal Agent from the City on behalf of the Agency as provided above. Such notice shall set forth the information required by Section 4.06(j). The Fiscal Agent shall also cause notice to be delivered to the Holders as soon as is practicable upon delivery of an Alternate Credit Facility under circumstances not requiring a mandatory tender, stating that a substitution in accordance with this Section has been effected and identifying the provider of such Alternate Credit Facility.

SECTION 5.07. Application of Redemption Fund. The Fiscal Agent shall establish, maintain and hold in trust a special fund designated as the "Redemption Fund." Subject to the provisions of Section 5.04 hereof, all moneys deposited by the Agency or City with the Fiscal Agent for the purpose of optionally redeeming 2010 Bonds of any Series shall, unless otherwise directed by the Agency or City, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of redeeming 2010 Bonds in the manner, at the times and upon the terms and conditions specified in this Fiscal Agent Agreement; provided that, at any time prior to the selection of 2010 Bonds for redemption, the Fiscal Agent shall, upon receipt of a Request of the Agency or City, apply such amounts to the purchase of 2010 Bonds of such Series at public or private sale, as and when and at such places (including brokerage and other charges, but excluding accrued interest, which is payable from the Subordinate Interest Account) as is directed by the Agency or City, except that the purchase price (exclusive of such accrued interest) may not exceed the redemption price then applicable to such 2010 Bonds. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to Sinking Account Payments applicable to such Series and maturity of Term Bonds as may be specified in a Request of the Agency or City.

ARTICLE VI

COVENANTS OF THE AGENCY

SECTION 6.01. Punctual Payment. The Agency will pay or cause to be paid the principal and the interest (and redemption premium, if any) to become due in respect of every 2010 Bond issued hereunder at the times and places and in the manner provided herein and in the 2010 Bonds. When and as paid in full, all 2010 Bonds shall be canceled by the Fiscal Agent, and thereafter they shall be destroyed, and the Fiscal Agent shall, upon Request of the Agency or City, deliver to the Agency and the City a certificate of destruction.

SECTION 6.02. Against Encumbrances. The Agency will not create or suffer to exist any pledge, lien or charge upon any of the Subordinate Housing Set-Aside Amounts having priority over or having parity with the lien of the 2010 Bonds except only as permitted in Article III. The Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Subordinate Housing Set-Aside Amounts which have, or purport to have, any lien upon the Subordinate Housing Set-Aside Amounts prior or superior to the lien of the 2010 Bonds herein authorized or the lien of the Credit Providers hereunder and the Agency hereby represents that it does not have outstanding any indebtedness which is secured by a lien on the Subordinate Housing Set-Aside Amounts of the Agency superior to or on a parity with the lien of the 2010 Bonds on the Subordinate Housing Set-Aside Amounts. Except as permitted by Article III hereof, it will not issue any obligations payable as to principal

or interest, from the Subordinate Housing Set-Aside Amounts, which have, or purport to have, any lien upon the Subordinate Housing Set-Aside Amounts on a parity with the 2010 Bonds herein authorized. Notwithstanding the foregoing, nothing in this Agreement shall prevent the Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful parity lien upon the Subordinate Housing Set-Aside Amounts, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the Outstanding 2010 Bonds, or (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Subordinate Housing Set-Aside Amounts which is junior to the 2010 Bonds and any obligations to a Credit Provider or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Subordinate Housing Set-Aside Amounts. As used herein "obligations" shall include, without limitation, bonds, notes, interim certificates, debentures or other obligations. Notwithstanding the foregoing, during the term of the Continuing Covenant Agreement, the Agency shall comply with applicable requirements of the Continuing Covenant Agreement as a precondition to the issuance of any of the obligations described in this Section 6.02.

SECTION 6.03. Further Assurances. The Agency will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper or carry out the intention or to facilitate the performance of this Fiscal Agent Agreement and for the better assuring and confirming unto the Owners of the 2010 Bonds of the rights and benefits provided in this Fiscal Agent Agreement.

SECTION 6.04. Use of Proceeds. The Agency covenants and agrees that the proceeds of the sale of the 2010 Bonds will be deposited and used as provided in this Agreement and in accordance with the Law, including but not limited to Sections 33334.2 *et. seq.* and 33487 of the Law.

SECTION 6.05. Complete Redevelopment Project; Amendment to Redevelopment Plans. The Agency covenants and agrees that it will diligently carry out, the Merged Area Redevelopment Project in accordance with the Law and the Redevelopment Plans and in a sound and economical manner. The Redevelopment Plans may be amended as provided in the Law but no amendment shall be made that substantially impairs the security of the 2010 Bonds or the rights of the Bondholders.

SECTION 6.06. Tax Revenue Statement of Indebtedness and Management of Tax Increment Revenues.

(a) The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Increment Revenues and the allocation and payment to the City of the Housing Set-Aside Amounts pursuant to the Cooperation Agreement. The Agency shall take all actions in law or equity to cause the City to transfer to the Fiscal Agent any Subordinate Housing Set-Aside Amounts held by the City and needed to pay the 2010 Bonds at the times and in the amounts required hereunder. The Agency shall also timely file with appropriate officials of the County or the State, as the case may be, any necessary statements of indebtedness or other filings, including but not limited to those necessary statements of indebtedness required to be filed under Sections 33080 to 33080.6, Section 33675, Section 33334.2 and Section 33334.6 of the Law. In the event that the Agency elects to make

the findings provided in Sections 33334.2 or 33334.6 of the Law and reduce the Housing Set-Aside Amounts used for Housing Project in any Bond Year, the Agency shall provide that any such finding is expressly subordinate to the pledge of Housing Set-Aside Amounts under the Senior Lien Fiscal Agreement and the pledge of the Subordinate Housing Set-Aside Amounts made hereunder. The Agency expressly finds and determines that the pledge, payment and setting aside of Subordinate Housing Set-Aside Amounts as provided for in this Agreement is not subject to any limitation contained in Article XIII B of the Constitution of the State of California.

(b) The Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Subordinate Housing Set-Aside Amounts available under the Merged Area Redevelopment Plans in the amounts and at the times required to enable the Agency to pay the principal of and interest and premium (if any) on the outstanding 2010 Bonds and Parity Debt when due.

Additionally, the Agency hereby covenants that it will annually review, no later than December 1 of each year (commencing December 1, 2010), the total amount of Tax Increment Revenue and Housing Set-Aside Amounts remaining available to be received by the Agency under the tax increment limits in the Merged Area Redevelopment Plans as well as future scheduled debt service secured by the Housing Set-Aside Amounts and Subordinate Housing Set-Aside Amounts. If, based on such review, the allocation of Tax Increment Revenue, Housing Set-Aside Amounts and Subordinate Housing Set-Aside Amounts to the Agency will not be sufficient to pay the future debt service (principal and interest) of all then outstanding Senior Obligations and Parity Debt as scheduled, the Agency shall either (i) set aside Housing Set-Aside Amounts and Subordinate Housing Set-Aside Amounts in an escrow to defease all or that portion of the Senior Obligations and Parity Debt (including the 2010 Bonds) such that payment of scheduled debt service on the Senior Obligations and Parity Debt (including the 2010 Bonds) is provided for from remaining available Housing Set-Aside Amounts and Subordinate Housing Set-Aside Amounts, which escrow shall be held by the Fiscal Agent and used for the payment of interest on and principal of and redemption premiums, if any, on the Senior Obligations and Parity Debt (including the 2010 Bonds) or (ii) adopt a plan approved by an Independent Redevelopment Consultant which demonstrates the Agency's continuing ability to pay debt service on the Senior Obligations and Parity Debt (including the 2010 Bonds) as scheduled. In determining the amount to be deposited in escrow with the Fiscal Agent, the Agency may take into account projected interest earnings on the amounts to be deposited.

SECTION 6.07. Protection of Security and Rights of Bondholders. The Agency covenants and agrees to preserve and protect the security of the 2010 Bonds and the rights of the Bondholders and the security for the obligations to the Credit Providers and the right of the Credit Providers and to defend their rights under all claims and demands of all persons.

SECTION 6.08. Compliance with Fiscal Agent Agreement. The Agency will observe and perform all the covenants, conditions and requirements of this Fiscal Agent Agreement faithfully, and will not suffer or permit any default to occur hereunder that might in any way weaken, diminish or impair the security intended to be given pursuant to this Fiscal Agent Agreement.

SECTION 6.09. Accounting Records and Reports.

(a) The Agency shall keep (or cause to be kept) proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Subordinate Housing Set-Aside Amounts, and such books shall be available for inspection by the Fiscal Agent and by any Bondowner or Beneficial Owner, or his or her agent or representative, upon request at reasonable hours and under reasonable conditions.

(b) The Agency will furnish the Fiscal Agent and each Credit Provider, within two hundred and forty (240) days after the end of each Fiscal Year, the financial statements of the Agency for such Fiscal Year, together with the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards. Thereafter, a copy of such financial statements will be furnished to any owner of 2010 Bonds upon written request to the Fiscal Agent.

SECTION 6.10. Covenants Concerning the Project Area and the Subordinate Housing Set-Aside Amounts.

(a) Payment of Claims. The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Housing Set Aside Amounts or the Subordinate Housing Set-Aside Amounts or any part thereof, or upon any funds in the hands of the Fiscal Agent, or which might impair the security of the 2010 Bonds or the Credit Providers; provided that nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

(b) Payment of Taxes and Other Charges. Subject to the provisions of subsection (c) hereof, the Agency will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or any properties owned by the Agency in the Project Area, or upon the revenues therefrom, when the same shall become due; provided that nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges.

(c) Disposition of Property in Project Area. Except as provided below, the Agency will not authorize the disposition of any real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except for public ownership or use contemplated by the Redevelopment Plans in effect on the date of execution and delivery of this Fiscal Agent Agreement, or property to be used for public streets or public off-street parking facilities or easements or rights of way for public utilities, or other similar uses) if such dispositions, together with all similar prior dispositions on or subsequent to the effective date of the Fiscal Agent Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area. If the Agency proposes to make any such disposition which, together with all similar dispositions on or subsequent to the

effective date of the Fiscal Agent Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area, it shall cause to be filed with the Fiscal Agent and delivered to the Credit Provider and any Bank Bond Holder a Consultant's Report on the effect of such proposed disposition. If the Agency provides a certificate to the Fiscal Agent and the Credit Provider and any Bank Bond Holder to the effect that after taking into account the effects of such proposed disposition, the Agency will be able to satisfy (i) the 1.15 to 1 debt service coverage test set forth in Section 3.05, and (ii) the financial covenants of the Continuing Covenant Agreement, during the term of such Agreement, the Agency may proceed with such proposed disposition. If the Agency is unable to provide a certificate that the 1.15 to 1 debt service coverage test set forth in Section 3.05 and the financial covenants of the Continuing Covenant Agreement will be satisfied, the Agency shall not proceed with such proposed disposition.

A twenty percent (20%) portion of any payments to the Agency in lieu of taxes received in connection with such proposed disposition shall be treated as Housing Set-Aside Amounts and shall be transferred by the Agency to the Senior Lien Fiscal Agent to be deposited by the Senior Lien Fiscal Agent in the Special Fund established under the Senior Lien Fiscal Agent Agreement, with released amounts thereunder flowing to the Subordinate Housing Set-Aside Special Fund.

(d) Amendment of Redevelopment Plans. If the Agency proposes to amend any of the Redevelopment Plans in a manner that would materially reduce Subordinate Housing Set-Aside Amounts, the Agency shall cause to be filed with the Fiscal Agent and delivered to the Credit Provider and any Bank Bond Holder a report of an Independent Redevelopment Consultant on the effect of such proposed amendment. If the Agency provides a certificate to the Fiscal Agent and the Credit Provider and any Bank Bond Holder to the effect that the Agency after taking into account the effects of such proposed amendment will be able to satisfy (i) the 1:15 to 1 debt service coverage test set forth in Section 3.05 and (ii) the financial covenants of the Continuing Covenant Agreement, during the term of such Agreement, the Agency may adopt such amendment. If the Agency is unable to provide a certificate that the 1:15 to 1 debt service coverage test set forth in Section 3.05 and the financial covenants of the Continuing Covenant Agreement will be satisfied, the Agency shall not adopt such proposed amendment.

(e) Subordinate Housing Set-Aside Amounts. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Subordinate Housing Set-Aside Amounts, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County.

(f) Eminent Domain. The Agency covenants that if to its knowledge all or any material portion of taxable property the Project Area is taken by eminent domain proceedings for any public or other use under which the property will be tax-exempt, the Agency will use its reasonable best efforts to have the base assessment roll reduced by the amount of the assessment of said property as shown on said base assessment roll.

SECTION 6.11. Continuing Disclosure. The Fiscal Agent and the Agency acknowledge that the Agency may undertake the continuing disclosure requirements as are contained in a Continuing Disclosure Agreement. Notwithstanding any other provision of this Fiscal Agent Agreement, failure of the Agency to comply with the requirements of Securities

and Exchange Commission Rule 15c2-12, as it may from time to time hereafter be amended or supplemented, shall not be considered an event of default hereunder; *provided, however*, the Fiscal Agent, at the request of the Holders of at least 25% aggregate principal amount of Outstanding 2010 Bonds, and upon receipt of satisfactory indemnification, shall take such actions as may be directed, including seeking specific performance by court order, to cause the Agency to comply with its obligations under this Section.

SECTION 6.12. Continuing Covenant Agreement. While in the Index Rate Mode, the Bonds shall be secured by the Continuing Covenant Agreement.

SECTION 6.13. Protection of Security and Rights of Bondholders. The Agency covenants and agrees to preserve and protect the security of the 2010 Bonds and the rights of the Bondholders and to defend their rights under all claims and demands of all persons. Without limiting the generality of the foregoing, the Agency covenants and agrees to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Agency that (i) the Law is unconstitutional or (ii) that the Subordinate Housing Set-Aside Amounts pledged hereunder cannot be paid by the Agency for the debt service on the 2010 Bonds, or (b) any other action affecting the validity of the 2010 Bonds or diluting the security therefor. The Agency covenants and agrees to take no action which, in the Opinion of Counsel, would result in the Housing Set-Aside Amounts being withheld from the Agency unless the withholding thereof is being contested in good faith. In the event of an amendment or revision to the Law which would allow the Agency to set-aside less than the Housing Set-Aside Amounts required to be set-aside by the Agency as of the date of execution of this Fiscal Agent Agreement, the Agency covenants with the Holders of the 2010 Bonds that it shall continue to set-aside a sufficient amount of its Tax Increment Revenues to pay the Senior Obligations and the Annual Debt Service, and notwithstanding any such change or revision to the Law, such Tax Increment Revenue required to be so deposited shall be deemed to be Housing Set-Aside Amounts and shall be subject to the lien and pledge on Subordinate Housing Set-Aside Amounts created hereunder.

SECTION 6.14. Taxation of Leased Property. Whenever any property in the Project Area has been redeveloped and thereafter is leased by the Agency to any Person or Persons (other than a public agency or charitable entity) or whenever the Agency leases real property in the Project Area to any person of persons (other than a public agency or charitable entity) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Law, and the lease or contract shall provide that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest. All such payments shall be treated as Tax Increment Revenues.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

SECTION 7.01. Events of Default and Acceleration of Maturities. If one or more of the following events (herein called "events of default") shall happen,

(a) if default shall be made in the due and punctual payment of the principal of any 2010 Bond of any Series when and as the same shall become due and payable hereunder, whether at maturity or upon any scheduled redemption;

(b) if default shall be made in the due and punctual payment of any installment of interest (and redemption premium, if any) on any 2010 Bond of any Series when and as such interest installment (and redemption premium, if any) shall become due and payable hereunder;

(c) if there shall be any event of default declared in connection with any Senior Obligations;

(d) if default shall be made by the Agency in any material respect in the observance of any of the covenants, agreements or conditions on its part in this Fiscal Agent Agreement or in the 2010 Bonds contained (other than those described in clauses (a), (b) and (c) above) and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Agency and the City by the Fiscal Agent, or to the Agency, the City and the Fiscal Agent by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the 2010 Bonds at the time Outstanding (provided that in the event the Agency is not able to cure such default within a sixty (60) day period but has commenced and is continuing a good faith effort to cure such default, such sixty (60) day period shall be extended for a reasonable period of time needed to effect a cure);

(e) if there shall be a filing by the Agency of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property; or

(f) if during an Index Rate Mode Period the Fiscal Agent and the Agency shall receive written notice from the Bank Bond Holder that an event of default or special termination event has occurred and is continuing under the Continuing Covenant Agreement;

then, and in each and every such case during the continuance of such event of default, the Fiscal Agent shall be entitled to, upon receiving the written approval of the Credit Providers or, during the Initial BBH Period, the written approval of the Majority Bondowners and shall, upon

receiving written direction from the Credit Providers or, during the Initial BBH Period, upon receiving written direction from the Majority Bondowners and upon notice in writing to the Agency and the City, and shall immediately, without notice in the case of an event of default under (e) above, declare the principal of all the 2010 Bonds then Outstanding, or in the case of a default under (a) or (b) above, all of the principal of the 2010 Bonds of such Series with respect to which such event of default relates, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable.

This provision, however, is subject to the condition that if, at any time after the principal of the 2010 Bonds of a Series shall have been so declared due and payable, the Agency shall pay to or shall deposit with the Fiscal Agent a sum sufficient to pay all principal of the 2010 Bonds of such Series maturing prior to such declaration and all matured installments of interest (if any) upon all the 2010 Bonds of such Series and the fees and expenses of the Fiscal Agent, its agent and counsel, and any and all other defaults known to the Fiscal Agent (other than in the payment of principal of and interest on the 2010 Bonds of such Series due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Fiscal Agent, or provision deemed by the Fiscal Agent to be adequate shall have been made therefor, and, if such 2010 Bonds are, at such time, Variable Rate Bonds, and (i) except as described under (ii) below, a Credit Facility is in full force and effect and the Fiscal Agent has received from the related Credit Provider written notice to the effect that such Credit Facility has been reinstated in full or (ii) during the Initial BBH Period, the Majority Bondowners have consented to such rescission and annulment, then, and in every such case, the Fiscal Agent, on behalf of the Owners of all of the 2010 Bonds of a Series, shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Upon declaration and notice of an event of default with respect to a Series of Bonds in the Index Rate Mode, such Series of Bonds shall bear interest at the Index Rate Mode Default Rate.

SECTION 7.02. Application of Funds Upon Acceleration. All of the Subordinate Housing Set-Aside Amounts and all sums in the Subordinate Housing Set-Aside Special Fund upon the date of the declaration of acceleration, as provided in Section 7.01 and all sums thereafter received by the Fiscal Agent hereunder (other than the proceeds of any draw or draws under a Credit Facility) shall be applied by the Fiscal Agent in the following order upon presentation of the several 2010 Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the costs and expenses of the Fiscal Agent and then of the Bondowners and holders of Parity Debt in declaring such event of default, and including reasonable compensation to its or their agents, attorneys and counsel;

Second, to the payment of the whole amount then owing and unpaid upon the 2010 Bonds and Parity Debt for principal and interest, with interest, to the extent permitted by law, on the overdue principal and installments of interest at the rate equal to the rate per annum on such 2010 Bonds and Parity Debt (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and

interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the 2010 Bonds and Parity Debt, then to the payment of such principal and interest 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, ratably to the aggregate of such principal and interest; and

Third, to each Credit Provider in an amount identified, in a written notice filed with the Fiscal Agent by such Credit Provider, to be due and owing to such Credit Provider under the applicable Reimbursement Agreement; and, during the Initial BBH Period, to each Bank Bond Holder in an amount identified in a written notice filed with the Fiscal Agent by such Bank Bond Holder, to be due and owing hereunder to such Bank Bond Holder and under the Continuing Covenant Agreement.

SECTION 7.03. Fiscal Agent to Represent Bondowners. The Fiscal Agent is hereby irrevocably appointed (and the successive respective Owners of the 2010 Bonds, by taking and owning the same, shall be conclusively deemed to have so appointed the Fiscal Agent) as Fiscal Agent and true and lawful attorney-in-fact of the Owners of the 2010 Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2010 Bonds, this Fiscal Agent Agreement, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an event of default or other occasion giving rise to a right in the Fiscal Agent to represent the Owners of the 2010 Bonds, with the prior written consent of the Credit Providers or, during the Initial BBH Period, the prior written consent of the Majority Bondowners, the Fiscal Agent in its discretion may, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the 2010 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effective to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Fiscal Agent or in such Owners under this Fiscal Agent Agreement, the Law or any other law and including, without limitation of the foregoing, the right to take all actions in law or equity to enforce the transfer by the City of Subordinate Housing Set-Aside Amounts as provided in Section 6.06 and the right to commence an action or suit in equity to require the Agency to account as if it were the trustee of an express trust for the benefit of the holders of Parity Debt. All rights of action under this Fiscal Agent Agreement or the 2010 Bonds or otherwise may be prosecuted and enforced by the Fiscal Agent without the possession of any of the 2010 Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Fiscal Agent shall be brought in the name of the Fiscal Agent for the benefit and protection of all the Owners of such 2010 Bonds, subject to the provisions of this Fiscal Agent Agreement.

SECTION 7.04. Credit Provider's and Bondowners' Direction of Proceedings. Except during the Initial BBH Period, the Credit Provider for a Series of 2010 Bonds or (with the consent of such Credit Provider) the Owners of at least fifty percent (50%) in aggregate principal amount of 2010 Bonds of such Series then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Fiscal Agent, to direct the

method of conducting all remedial proceedings taken by the Fiscal Agent hereunder with respect to the 2010 Bonds of such Series, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Fiscal Agent Agreement, and that the Fiscal Agent shall have the right to decline to follow any such direction from Bondowners, but not from such Credit Provider, which in the opinion of the Fiscal Agent would be unjustly prejudicial to Bondowners not parties to such direction.

SECTION 7.05. Limitation on Bondowners' Right to Sue. Except as provided in Section 7.10 hereof, no Owner of any 2010 Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Fiscal Agent Agreement, the Law or any other applicable law with respect to such 2010 Bond, unless (1) such Owner shall have given to the Fiscal Agent written notice of the occurrence of an event of default; (2) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the 2010 Bonds then Outstanding shall have made written request upon the Fiscal Agent to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Fiscal Agent reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Fiscal Agent shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Fiscal Agent.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of 2010 Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owner of 2010 Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Fiscal Agent Agreement or the rights of any other Owners of 2010 Bonds, or to enforce any right under this Fiscal Agent Agreement, the Law or other applicable law with respect to the 2010 Bonds, except in the manner herein provided, and that all proceedings at or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding 2010 Bonds, subject to the provisions of this Fiscal Agent Agreement.

SECTION 7.06. Non-waiver. Nothing in this Article VII or in any other provision of this Fiscal Agent Agreement, or in the 2010 Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of and interest (and premium, if any) on the 2010 Bonds to the respective Owners of the 2010 Bonds at the respective dates of maturity, or upon call for redemption, as herein provided, out of the Subordinate Housing Set-Aside Amounts herein pledged for such payments or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2010 Bonds. No delay or omission of the Fiscal Agent or of any Bondowner to exercise any right or power arising upon the happening of any event of default shall impair any such right or power or shall be construed to be a waiver of any such event of default or an acquiescence therein, and every power and remedy given by this Article VII to the Fiscal Agent or to the Owners of 2010 Bonds may be exercised from time to time and as often as shall be deemed expedient.

SECTION 7.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Fiscal Agent or to the Owners of 2010 Bonds is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

SECTION 7.08. Termination of Proceedings. In case any proceedings taken by the Fiscal Agent, the Credit Provider (if any) or any one or more Bondholders on account of any event of default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Fiscal Agent, the Credit Provider (if any) or the Bondholders, then in every such case the Agency, the Fiscal Agent, the Credit Provider (if any) and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Agency, the Fiscal Agent, the Credit Provider (if any) and the Bondholders shall continue as though no such proceedings had been taken.

SECTION 7.09. Notice to Bondholders of Default. The Fiscal Agent shall give written notice by first class mail to the Bondholders and the Credit Provider (if any) of the occurrence and continuation of an event of default, if such event of default is material and the Fiscal Agent has actual knowledge of such event of default and after notice to the Agency and the City has declared an event of default.

SECTION 7.10. Bondholders' Right to Direct Proceedings on their Behalf. Notwithstanding any other provision of this Article VII, during the Initial BBH Period, the Majority Bondowners shall have the right, at any time, by an instrument in writing executed and delivered to the Fiscal Agent, to direct the time, method and place of conducting all remedial proceedings on their behalf available to the Fiscal Agent under this Fiscal Agent Agreement to be taken in connection with the enforcement of the terms of this Fiscal Agent Agreement or exercising any trust or power conferred on the Fiscal Agent by this Fiscal Agent Agreement; provided that such direction shall not be otherwise than in accordance with the provisions of the law and this Fiscal Agent Agreement and that there shall have been provided to the Fiscal Agent security and indemnity satisfactory to the Fiscal Agent against the costs, expenses and liabilities to be incurred as a result thereof by the Fiscal Agent; provided further that the Fiscal Agent shall have the right to decline to follow any such direction which in the opinion of the Fiscal Agent would be unjustly prejudicial to Bondholders not parties to such direction.

The Majority Bondowners shall have the sole and exclusive right to (i) declare any Event of Default and rescind any declaration of an Event of Default, (ii) determine the decision of, and direct the exercise of any right of, direction, consent, or approval under any provision of this Fiscal Agent Agreement by the Fiscal Agent, (iii) direct the time, manner and method of conducting all proceedings in connection with any right or remedy available to the Fiscal Agent hereunder and to exercise any power or right granted to the Fiscal Agent or the Bondholders hereunder, and (iv) take any and all actions to enforce this Fiscal Agent Agreement and the 2010 Bonds, in its own name or, upon providing reasonable indemnity for costs or liabilities arising therefrom in the name of the Fiscal Agent, and each of the provisions of this Article VII shall be conformed with the terms of this paragraph. Any costs incurred by the Majority Bondowners in connection with any such action on its part shall be treated as costs of the Fiscal Agent and shall

be subject to the same repayment, lien and security rights conferred upon the Fiscal Agent under this Fiscal Agent Agreement.

ARTICLE VIII

THE FISCAL AGENT

SECTION 8.01. Fiscal Agent; Acceptance; Removal; Resignation. The Fiscal Agent accepts and agrees to perform its duties and obligations specifically imposed upon it by this Fiscal Agent Agreement, and no implied duties shall be read into this Fiscal Agent Agreement against the Fiscal Agent. The Fiscal Agent shall, during the existence of any event of default hereunder which has not been cured or waived, exercise the rights and powers vested in it hereunder.

The Agency agrees that it will maintain a Fiscal Agent authorized to do business in the State of California, with a combined capital and surplus, together with its parent bank holding company and other subsidiaries of at least Fifty Million Dollars ($50,000,000), and subject to supervision or examination by federal or state authority, so long as any 2010 Bonds are Outstanding. If such bank or trust company or parent bank holding company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this section the combined capital and surplus of such bank or trust company or parent bank holding company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent is hereby authorized to redeem or pay the 2010 Bonds when duly presented for payment at maturity, or on redemption, or on purchase by the Fiscal Agent prior to maturity, and to cancel and destroy all 2010 Bonds upon payment thereof. The Fiscal Agent shall keep accurate records of all funds administered by it and of all 2010 Bonds paid and discharged. All moneys deposited under the provisions of this Fiscal Agent Agreement with the Fiscal Agent shall be held in trust and applied only in accordance with the provisions of this Fiscal Agent Agreement.

The Agency or the City, unless the Agency is in default hereunder, may remove the Fiscal Agent initially appointed, and any successor thereto, by giving at least thirty (30) days' written notice of such removal to the Fiscal Agent, the Credit Providers, the Tender Agent and each Remarketing Agent and thereupon shall appoint, with the written consent of the Credit Providers and, during the Initial BBH Period, the written consent of the Bank Bond Holder, a successor Fiscal Agent by an instrument in writing; provided that any such successor shall be a bank with trust powers or a trust company meeting the requirements in this Section 8.01 set forth above.

The Fiscal Agent may at any time resign by giving at least sixty (60) days' written notice of such resignation to the Agency, the City, the Credit Providers, the Tender Agent and each Remarketing Agent and by giving the 2010 Bond Owners notice of such resignation by first class

mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the Agency shall promptly appoint, with the written consent of the Credit Providers, a successor Fiscal Agent by an instrument in writing. The Fiscal Agent shall not be relieved of its duties until such successor Fiscal Agent has accepted appointment and assumed all duties of the Fiscal Agent hereunder. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent and the Credit Facilities have been transferred to the successor Fiscal Agent in accordance with the provisions thereof. If no successor Fiscal Agent shall have been appointed and have accepted appointment within sixty (60) days of giving notice of resignation or within thirty (30) days of giving notice of removal as aforesaid, the resigning Fiscal Agent, the Credit Providers or any Bondowner (on behalf of itself and all other Bondowners) may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Fiscal Agent. Any successor Fiscal Agent appointed under this Fiscal Agent Agreement, shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Fiscal Agent a written acceptance thereof, and thereupon such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Fiscal Agent, with like effect as if originally named Fiscal Agent herein; but, nevertheless at the Request of the Agency or City or the request of the successor Fiscal Agent, such predecessor Fiscal Agent shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Fiscal Agent all the right, title and interest of such predecessor Fiscal Agent in and to any property held by it under this Fiscal Agent Agreement and shall pay over, transfer, assign and deliver to the successor Fiscal Agent any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Fiscal Agent, the Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such moneys, estates, properties, rights, power trusts, duties and obligations. Upon acceptance of appointment by a successor Fiscal Agent as provided in this subsection, the Agency shall give notice of the succession of such Fiscal Agent hereunder by mail to the Bondowners at the addresses shown on the registration books maintained by the Fiscal Agent. If the Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Fiscal Agent, the successor Fiscal Agent shall cause such notice to be mailed at the expense of the Agency.

Any banking corporation or national banking association into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any banking corporation or national banking association to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided that such banking corporation or national banking association shall be eligible under this Section, shall be the successor to the Fiscal Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. Prompt notice of such merger or consolidation shall be given to the Agency, the City and the Credit Providers.

SECTION 8.02. Liability and Rights of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the 2010 Bonds contained shall be taken as statements,

covenants and agreements of the Agency, and the Fiscal Agent does not assume any responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Fiscal Agent Agreement, or of the 2010 Bonds, nor shall the Fiscal Agent incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the 2010 Bonds assigned to or imposed upon it.

No provision in this Fiscal Agent Agreement shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if the Fiscal Agent shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

The Fiscal Agent shall not be accountable for the use or application by the Agency of any funds which the Fiscal Agent has released in accordance with the terms of this Fiscal Agent Agreement.

In accepting the trust hereby created, the Fiscal Agent acts solely as Fiscal Agent for the Owners and not in its individual capacity, and all persons, including without limitation the Owners, the City and the Agency, having any claim against the Fiscal Agent arising from this Fiscal Agent Agreement shall look only to the funds and accounts held by the Fiscal Agent hereunder for payment except as otherwise provided herein. Under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the 2010 Bonds.

Before taking any action under Article VII at the request of the Bond Owners or the Credit Providers, the Fiscal Agent may require that a satisfactory indemnity bond be furnished by the Bond Owners or the Credit Providers, as applicable for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

The Fiscal Agent shall have no responsibility, opinion or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the execution and delivery of the 2010 Bonds.

All indemnifications and releases from liability granted hereunder to the Fiscal Agent shall extend to its officers, directors, employees and agents.

The Fiscal Agent may become the Owner of 2010 Bonds with the same rights that it would have if it were not Fiscal Agent; may acquire and dispose of other bonds or evidences of indebtedness of the Agency with the same rights that it would have if it were not the Fiscal Agent; and may act as a 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 Bond Owners, whether or not such committee shall represent the Bond Owner of the majority in principal amount of the 2010 Bonds then Outstanding.

The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder.

The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. Upon the occurrence of an event of default under this Fiscal Agent Agreement, the Fiscal Agent shall exercise such care in performing its duties hereunder as a reasonable person would exercise in the conduct of his affairs.

The Fiscal Agent makes no representations as to the validity or sufficiency of the 2010 Bonds, shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the 2010 Bonds assigned to or imposed upon it.

The Fiscal Agent shall have no obligation or liability to any of the other parties or the Bond Owners with respect to this Fiscal Agent Agreement or the failure or refusal of any other party to perform any covenant or agreement made by any of them under this Fiscal Agent Agreement, but shall be responsible solely for the performance of the duties and obligations expressly imposed upon it hereunder.

The Fiscal Agent assumes no responsibility for the correctness of the recitals of facts, covenants and agreements herein and contained in the 2010 Bonds.

SECTION 8.03. Security for Deposits. Moneys allocated to any of the funds established pursuant to this Fiscal Agent Agreement may, and upon the Request of the Agency or City, shall be deposited by the Fiscal Agent in banks, including the Fiscal Agent, in time or demand deposits. Money so deposited shall be secured at all times, in the manner provided by law and as provided in the Investment Policy, by direct obligations of the United States of America, obligations the principal of and interest on which are guaranteed by the United States of America, or bonds of the State of California or any local jurisdiction within California, with a market value at least equal to the amount required by law, but in no event less than the amount of moneys in each of said funds to be so secured.

SECTION 8.04. Notice. The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, 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. The Fiscal Agent may consult with counsel, who may be counsel to the Agency or City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a 2010 Bond unless and until such 2010 Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a Certificate of the Agency or the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Fiscal Agent Agreement upon the faith thereof, but

in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall not be deemed to have notice of an event of default unless it has actual notice thereof.

SECTION 8.05. Compensation and Indemnification of Fiscal Agent. The Agency covenants to pay to the Fiscal Agent and the Tender Agent from time to time, and the Fiscal Agent and the Tender Agent shall be entitled to reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Fiscal Agent, and the Agency will pay or reimburse the Fiscal Agent upon its request for all expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any of the provisions of this Fiscal Agent Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. The Agency, to the extent permitted by law, shall indemnify, defend and hold harmless the Fiscal Agent against any loss, damages, liability or expense incurred without negligence or willful misconduct on the part of the Fiscal Agent, arising out of or in connection with the acceptance or administration of the trusts created hereby, including reasonable costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Fiscal Agent and the obligations of the Agency under this Section 8.05 shall survive the discharge of the 2010 Bonds and this Fiscal Agent Agreement and the resignation or removal of the Fiscal Agent.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE FISCAL AGENT AGREEMENT

SECTION 9.01. Amendments Permitted. This Fiscal Agent Agreement and the rights and obligations of the Agency and of the Owners of the 2010 Bonds may be modified or amended at any time by a supplement or amendment hereto which shall become effective when the written consents of the Credit Providers and of the Owners of at least sixty percent (60%) in aggregate principal amount of the 2010 Bonds then Outstanding, exclusive of 2010 Bonds disqualified as provided in Section 9.02, shall have been filed with the Fiscal Agent. No such supplement or amendment shall (1) extend the fixed maturity of any 2010 Bonds or reduce the interest rate thereon or extend the time of payment of interest, or reduce the amount of principal thereof or reduce any premium payable upon the redemption thereof, without the express consent of the Owner of such 2010 Bond, or (2) reduce the percentage of 2010 Bonds required for the affirmative vote or written consent to an amendment or modification of this Fiscal Agent Agreement, (3) modify any of the rights or obligations of the Fiscal Agent without the written consent thereto of the Fiscal Agent, or (4) modify any of the rights or obligations of the Tender Agent without the written consent thereto of the Tender Agent.

This Fiscal Agent Agreement and the rights and obligations of the Agency and of the Owners of the 2010 Bonds may also be modified or amended at any time, without the consent of any Bondowners, except during the Initial BBH Period, at which time the written consent of the

Majority Bondowners shall be required, but only with the written consent of the Credit Providers and to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Agency in this Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Agency which in either case shall not adversely affect the interests of the Owners of the 2010 Bonds;

(b) to cure, correct or supplement any ambiguous or defective provision contained in this Fiscal Agent Agreement or in regard to questions arising under this Fiscal Agent Agreement, as the Agency may deem necessary or desirable and not inconsistent with this Fiscal Agent Agreement, and which shall not adversely affect the interests of the Owners of the 2010 Bonds;

(c) to modify, amend or supplement this Fiscal Agent Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said Act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the 2010 Bonds;

(d) to obtain a rating on the 2010 Bonds;

(e) to comply with the requirements of a provider of an Alternate Credit Facility, provided that such modifications shall not have a material adverse effect on the interests of the Owners of the 2010 Bonds;

(f) while the 2010 Bonds of all Series then Outstanding bear interest at a Daily Rate or a Weekly Rate, for any reason, but only if the Owners of the 2010 Bonds are given at least 30 days' notice of the applicable modification or amendment and have the right or the obligation to tender their 2010 Bonds for purchase pursuant to the Fiscal Agent Agreement prior to the effectiveness of such modification or amendment;

(g) to modify, amend or supplement this Fiscal Agent Agreement in any other way which (1) does not materially adversely affect the interests of the Owners of the 2010 Bonds or (2) receives the consent of each Credit Provider then providing credit support for one or more Series of 2010 Bonds; or

(h) to modify any of the provisions of this Fiscal Agent Agreement in any other manner, including in connection with the delivery of an Alternate Credit Facility as set forth in Section 5.06 or on any Conversion Date which is a Mandatory Tender Date, provided that such modifications shall not have a material adverse effect on the interests of the Owners of the 2010 Bonds.

SECTION 9.02. Disqualified 2010 Bonds. 2010 Bonds owned or held by or for the account of the Agency, or by any person directly or indirectly controlled or controlled by, or under direct control of the Agency (except any 2010 Bonds held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding 2010 Bonds provided for in this Fiscal Agent

Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Fiscal Agent Agreement.

SECTION 9.03. Effect of Supplement or Amendment. From and after the time any supplement or amendment to the Fiscal Agent Agreement becomes effective pursuant to this Article this Fiscal Agent Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Fiscal Agent Agreement of the Agency and all Owners of 2010 Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such supplement or amendment shall be deemed to be part of the terms and conditions of this Fiscal Agent Agreement for any and all purposes.

SECTION 9.04. Endorsement or Replacement of 2010 Bonds Issued After Amendments. The Agency may determine that 2010 Bonds issued and delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement or otherwise, in form approved by the Agency, as to such action. In that case, upon demand of the Owner of any 2010 Bond Outstanding at such effective date and presentation of this 2010 Bond for the purpose at the office of the Agency or at such other office as the Agency may select and designate for that purpose, a suitable notation shall be made on such 2010 Bond. The Agency may determine that new 2010 Bonds so modified as in the opinion of the Agency necessary to conform to such Bondowners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any 2010 Bond then Outstanding, such new 2010 Bond shall be exchanged in the Principal Office of the Fiscal Agent, without cost to such Owner and at the expense of the Agency, for a 2010 Bond of the same character then outstanding, upon surrender of such 2010 Bond.

SECTION 9.05. Amendatory Endorsement of 2010 Bonds. The provisions of this Article shall not prevent any Bondowner from accepting any amendment as to the particular 2010 Bonds held by him, provided that due notification thereof is made on such 2010 Bonds.

SECTION 9.06. Opinion of Counsel. The Fiscal Agent shall be entitled to request and rely upon an Opinion of Counsel or an Opinion of Bond Counsel, in each case acceptable to the Agency and the Fiscal Agent, that all conditions precedent for any supplement or amendment have been satisfied.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Fiscal Agent Agreement. If the Agency shall pay and discharge the entire indebtedness on all 2010 Bonds Outstanding in any one or more of the following ways

(a) by well and truly paying or causing to be paid the principal of (including redemption premiums, if any) and interest on all 2010 Bonds Outstanding, as and when the same become due and payable;

(b) following the Fixed Rate Date for each Series of 2010 Bonds Outstanding, by depositing with the Fiscal Agent, in trust, at or before maturity, money in the necessary amount to pay or redeem all 2010 Bonds Outstanding;

(c) by delivering to the Fiscal Agent, for cancellation by it, all 2010 Bonds Outstanding; or

(d) following the Fixed Rate Date for each Series of 2010 Bonds Outstanding by depositing with the Fiscal Agent, in trust, Government Obligations not subject to call prior to the date they would be used to pay the 2010 Bonds hereunder in such amount as will, together with the income or increment to accrue thereon, be fully sufficient, in the opinion of an Independent Public Accountant, to pay and discharge the indebtedness on all 2010 Bonds at or before their respective maturity dates;

and if the Agency shall also pay or cause to be paid (i) all other sums payable hereunder by the Agency including, without limitation, all amounts due the Fiscal Agent hereunder, including reasonable attorneys' fees, and (ii) all sums owing to the Bank Bond Holder under the Continuing Covenant Agreement and all sums owing to the Credit Providers under the Reimbursement Agreements following the termination of the Credit Facilities, then and in that case, at the election of the Agency (evidenced by a Certificate of the Agency signifying its discharge of all such indebtedness and that this Fiscal Agent Agreement and all other obligations of the Agency under this Fiscal Agent Agreement shall cease and terminate, which shall be filed with the Fiscal Agent), and notwithstanding that any 2010 Bonds shall not have been surrendered for payment, the pledge of the Subordinate Housing Set-Aside Amounts provided for in this Fiscal Agent Agreement and all other obligations of the Agency under this Fiscal Agent Agreement shall cease and terminate, except for the obligation of the Agency to pay or cause to be paid to the Owners of the 2010 Bonds not so surrendered and paid all sums due thereon. The discharge of the obligations of the Agency under this Fiscal Agent Agreement shall be without prejudice to the rights of the Fiscal Agent to charge for and be reimbursed by the Agency for any expenditures which it may thereafter incur in connection herewith.

The Agency may at any time surrender to the Fiscal Agent for cancellation by it any 2010 Bonds previously issued and delivered, which the Agency may have acquired in any manner whatsoever, and such 2010 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.02. Discharge of Liability on 2010 Bonds. Upon the deposit with the Fiscal Agent, in trust, at or before maturity, of money or Government Obligations in the necessary amount to pay or redeem Outstanding 2010 Bonds (whether upon or prior to their maturity or the redemption date of such 2010 Bonds), provided that if such 2010 Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provisions satisfactory to the Fiscal Agent shall have been made for the giving of such notice, all liability of the Agency in respect of such 2010 Bonds shall cease, terminate and be completely discharged and the Owners thereof shall thereafter be entitled only to payment out of the money or Government Obligations deposited with the Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 10.03.

SECTION 10.03. Payment of 2010 Bonds After Discharge of Fiscal Agent Agreement. Notwithstanding any provisions of this Fiscal Agent Agreement, any moneys deposited with the Fiscal Agent in trust for the payment of the principal of, or interest or premium on, any 2010 Bonds and remaining unclaimed for two (2) years after the principal of all the Outstanding 2010 Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Fiscal Agent Agreement) shall then be repaid to the Agency upon a Request of the Agency, and the Owners of such 2010 Bonds shall thereafter be entitled to look only to the Agency for payment thereof, and all liability of the Fiscal Agent with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Agency as aforesaid, the Fiscal Agent shall, at the direction of the Agency cause to be mailed to the registered Owners of such 2010 Bonds at their addresses as they appear on the registration books of the Fiscal Agent, a notice, in such form as may be deemed appropriate by the Fiscal Agent, with respect to the 2010 Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Agency of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Agency as aforesaid, the Owners of the 2010 Bonds in respect of which such moneys were deposited shall thereafter be deemed to be general creditors of the Agency for amounts equivalent to the respective amounts deposited for the payment of such 2010 Bonds and so repaid to the Agency (without interest thereon).

SECTION 10.04. Amounts Remaining in Funds and Accounts. Notwithstanding any other provision of this Fiscal Agent Agreement, it is agreed by the parties hereto that after payment in full of (i) the 2010 Bonds, or after provision for such payment shall have been made as provided in the Fiscal Agent Agreement, (ii) the fees, charges and expenses and other amounts due the Fiscal Agent and the Tender Agent in accordance with the Fiscal Agent Agreement, (iii) all other amounts required to be paid under the Fiscal Agent Agreement, and (iv) all amounts owing to the Credit Providers under the Reimbursement Agreements and to the Bank Bond Holder under the Continuing Covenant Agreement any amounts remaining in any fund or account held by the Fiscal Agent under the Fiscal Agent Agreement shall belong to the Agency, and shall be paid to the Agency by the Fiscal Agent.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Liability of Agency Limited to Subordinate Housing Set-Aside Amounts. The Agency shall not be required to take any action not expressly provided for herein and its obligation with respect to the 2010 Bonds shall be limited as described herein. Notwithstanding anything in this Fiscal Agent Agreement, the Agency shall not be required to pay or advance any moneys derived from any source other than the Subordinate Housing Set-Aside Amounts for the payment of the principal of or interest (and premium, if any) on the 2010 Bonds, or for any other purpose of this Fiscal Agent Agreement. Nevertheless, the Agency may advance, but shall not be required under any circumstances whatsoever, for any of the purposes hereof, any funds of the Agency which may be made available to it for such purposes.

The 2010 Bonds are special limited obligations of the Agency and are payable, as to interest thereon and principal thereof, exclusively from Subordinate Housing Set-Aside

Amounts, and the Agency is not obligated to pay them except from Subordinate Housing Set-Aside Amounts. All of the 2010 Bonds are equally secured by a pledge of, and charge and lien upon, all of the Subordinate Housing Set-Aside Amounts, and the Subordinate Housing Set-Aside Amounts constitute a trust fund for the security and payment of the interest on and the principal of the 2010 Bonds, to the extent set forth in this Fiscal Agent Agreement. The 2010 Bonds are not a debt of the City, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable therefor, nor in any event shall the 2010 Bonds be payable out of any funds or properties other than those of the Agency pledged therefor provided in this Fiscal Agent Agreement. The 2010 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

SECTION 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Fiscal Agent Agreement, or any Supplemental Fiscal Agent Agreement either the Agency or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Fiscal Agent Agreement contained by or on behalf of the Agency or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03. Limitation of Rights to Parties and Bondowners. Nothing in this Fiscal Agent Agreement or in the 2010 Bonds expressed or implied is intended or shall be construed to give to any person other than the Agency, the City the Fiscal Agent, the Credit Providers, the Tender Agent and the Owners of the 2010 Bonds issued hereunder, any legal or equitable right, remedy or claim under or in respect of this Fiscal Agent Agreement or any covenant, condition or provisions herein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Agency, the City, the Fiscal Agent, the Credit Providers, the Tender Agent and the Owners of the 2010 Bonds issued hereunder.

SECTION 11.04. Waiver of Notice. Whenever in this Fiscal Agent Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 11.05. Destruction of 2010 Bonds. Whenever in this Fiscal Agent Agreement provision is made for the cancellation by the Fiscal Agent and the delivery to the Agency of any 2010 Bonds, the Fiscal Agent may, upon the Request of the Agency, in lieu of such cancellation and delivery, destroy such 2010 Bonds, and upon request of the Agency shall deliver a certificate of such destruction to the Agency.

SECTION 11.06. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Fiscal Agent Agreement or in the 2010 Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Fiscal Agent Agreement, and this Fiscal Agent Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Agency hereby declares that it would have

adopted this Fiscal Agent Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2010 Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Fiscal Agent Agreement may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Fiscal Agent or any successor Fiscal Agent is rendered unable to perform its duties hereunder, and if no successor Fiscal Agent be then appointed, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest with the Agency in trust for the benefit of the Bondowners.

SECTION 11.07. Notices.

Any notice, request, complaint, demand or other communication under this Fiscal Agent Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy, telex or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy, email or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Agency, the City, the Fiscal Agent, the Tender Agent, each Remarketing Agent, each Credit Provider or the Rating Agencies may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder. In addition to the other notices which the Rating Agencies shall receive hereunder, the Fiscal Agent shall also notify the Rating Agencies regarding the expiration, termination, extension or substitution of the Credit Facility, any redemption of 2010 Bonds, any acceleration of 2010 Bonds, any change in the mode of determining the interest rate with respect to the 2010 Bonds from a Variable Rate to a different Variable Rate or a Fixed Rate and any amendment to this Fiscal Agent Agreement, the Reimbursement Agreement or the Credit Facility. Each notice required to be delivered to the Agency hereunder shall also be delivered to the City.

If to the Agency:	Redevelopment Agency of the City of San José 200 East Santa Clara Street, 14th Floor Tower San José, California 95113-1905 Attention: David Baum, Chief Financial Officer Telephone: (408) 795-1819 Fax: (408) 292-6755 Email: david.baum@sanjoseca.gov
If to the City:	City of San José Finance Department Attention: Debt Management 200 East Santa Clara Street, 13th Floor Tower San José, California 95113-1905 Telephone: (408) 535-7011 Fax: (408) 292-6482 Email: julia.cooper@sanjoseca.gov
with a copy to:	City of San José – Housing Dept. Attention: Rachel Vanderveen, Administrative

	Officer 200 East Santa Clara Street, 12th Floor Tower San José, California 95113-1905 Telephone: (408) 535-8235 Fax: (408) 998-3183 Email: rachel.vanderveen@sanjoseca.gov
If to the Fiscal Agent:	Wells Fargo Bank, National Association 707 Wilshire Blvd., 17th Floor Los Angeles, CA 90017 Attn: Corporate Trust Telephone: (213) 614-3328 Fax: (213) 614-3355 Email: Dania.D.Samai@wellsfargo.com
If to the Tender Agent:	Wells Fargo Bank, National Association 707 Wilshire Blvd., 17th Floor Los Angeles, CA 90017 Attn: Corporate Trust Telephone: (213) 614-3328 Fax: (213) 614-3355 Email: Dania.D.Samai@wellsfargo.com
If to the Initial Bank Bond Holder:	[the contact information specified in the Continuing Covenant Agreement]

SECTION 11.08. Evidence of Rights of Bondowners. Any request, consent or other instrument required by this Fiscal Agent Agreement to be signed and executed by Bondowners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondowners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Fiscal Agent Agreement and shall be conclusive in favor of the Fiscal Agent and of the Agency if made in the manner provided in this section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him or her the execution thereof; or in any other manner which the Fiscal Agent may deem sufficient.

The ownership of 2010 Bonds, the amount, numbers and other identification thereof, and the date of holding the same, shall be proved by the bond registration books held by the Fiscal Agent.

Any request, consent or declaration of the Owner of any 2010 Bond shall bind every future Owner of the same 2010 Bond and the Owner of every 2010 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Fiscal Agent or the Agency in pursuance of such request, consent or declaration.

In determining whether the Owners of the requisite aggregate principal amount of 2010 Bonds have concurred in any action pursuant to this Fiscal Agent Agreement, 2010 Bonds which are disqualified as provided in Section 9.02 shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, that, for the purpose of determining whether the Fiscal Agent shall be protected in relying on any such demand, request, direction, consent or waiver, only 2010 Bonds which the Fiscal Agent actually knows to be so disqualified shall be disregarded. 2010 Bonds so disqualified which have been pledged in good faith may be regarded as Outstanding for the purpose of this section if the pledgee shall certify to the Fiscal Agent the pledgee's right to vote such 2010 Bonds and that the pledgee is not a person whose ownership of the 2010 Bonds would cause the 2010 Bonds to be disqualified pursuant to Section 9.02. In case of a dispute as to such right, any decision by the Fiscal Agent taken upon the advice of counsel shall be full protection to the Fiscal Agent.

SECTION 11.09. Article and Section Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Fiscal Agent Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Fiscal Agent Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Fiscal Agent Agreement as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 11.10. Funds and Accounts. Any fund required by this Fiscal Agent Agreement to be established and maintained by the Fiscal Agent may be established and maintained in the accounting records of the Fiscal Agent either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with sound industry practices and with due regard for the protection of the security of the 2010 Bonds and the rights of every Owner thereof.

SECTION 11.11. Waiver of Personal Liability. No member, officer, agent or employee of the Agency or City shall be individually or personally liable for the payment of the principal of or interest on the 2010 Bonds or for anything else contained in this Fiscal Agent Agreement; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 11.12. Governing Law. This Fiscal Agent Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 11.13. Counterparts. This Fiscal Agent Agreement may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Fiscal Agent Agreement as of the date first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

Approved as to Form:

By: _____
Chief Deputy General Counsel

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

By: _____
Executive Director

Approved as to Content:

CITY OF SAN JOSE

By: _____
Assistant Director of Finance

Approved as to Form:

CITY OF SAN JOSÉ

By: _____
Chief Deputy City Attorney

IN WITNESS WHEREOF, the parties hereto have executed this Fiscal Agent Agreement as of the date first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

Approved as to Form:

By: _____
Chief Deputy General Counsel

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

By: _____
Executive Director

Approved as to Content:

CITY OF SAN JOSE

By: _____
Assistant Director of Finance

Approved as to Form:

CITY OF SAN JOSÉ

By: _____
Chief Deputy City Attorney

EXHIBIT A
TO
FISCAL AGENT AGREEMENT

Wells Fargo Bank, National Association
[Address]

Attn: _____

Re: Fiscal Agent Agreement, dated as of April 1, 2010 (the "Fiscal Agent Agreement"), by and between the Redevelopment Agency of the City of San José (the "Agency") and Wells Fargo Bank, National Association, relating to the Agency's Merged Area Redevelopment Project Taxable Subordinate Housing Set-Aside Tax Allocation Variable Rate Bonds Series 2010C

REQUISITION NO. ___
SUBORDINATE HOUSING SET-ASIDE [COSTS OF ISSUANCE FUND/PROJECT FUND]

Please pay, from the Subordinate Housing Set-Aside [Costs of Issuance Fund/Project Fund], established under the Fiscal Agent Agreement, the amount set forth on each line of Schedule I and for the purpose therein designated, such payment to be made to the person or entity therein designated upon presentation of an invoice from such person or entity.

Enclosed, for your files, is a copy of the invoice for each such entry.

The disbursements are proper expenditures from this Fund in accordance with the Law (as defined in the Fiscal Agent Agreement) and the terms of the Fiscal Agent Agreement, and no portions of the amounts to be disbursed have been set forth in any previous requisition.

Dated: _____, ____

[REDEVELOPMENT AGENCY OF
THE CITY OF SAN JOSE/CITY OF SAN JOSE]

By: _____
[Name]
[Title]

CC: City of San José
Finance Department
200 East Santa Clara Street, 13th Floor Tower
San José, CA 95113-1905
Attn: Debt Management

SCHEDULE I

PAYEE	PURPOSE	AMOUNT

EXHIBIT B-1
TO
FISCAL AGENT AGREEMENT

[FORM OF INDEX RATE BOND]

THIS BOND MAY ONLY BE TRANSFERRED TO A "QUALIFIED INSTITUTIONAL BUYER" THAT HAS EXECUTED AN INVESTOR LETTER (AS DEFINED IN THE FISCAL AGREEMENT DESCRIBED BELOW) AND DELIVERED SUCH LETTER TO THE CITY OF SAN JOSE, REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE, AND FISCAL AGENT.

$93,000,000 **No. R-1**

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE
Merged Area Redevelopment Project
Taxable Housing Set-Aside Tax Allocation Variable Rate Bonds
Series 2010C

Maturity Date	Interest Rate	Original Issue Date	CUSIP
	Index Rate	April 29, 2010	_____

Registered Owner: [Bank Bond Holder]

Principal Amount: Ninety-three Million Dollars

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE, a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (herein called the "Agency"), for value received, hereby promises to pay (but only out of the Subordinate Housing Set-Aside Amounts hereinafter mentioned) the registered owner specified above, or registered assigns, on the Maturity Date specified above (subject to any right of prior redemption hereinafter mentioned and other amounts pledged to the payment of this Bond as provided in the hereinafter mentioned Fiscal Agent Agreement) the Principal Amount specified above by wire transfer in lawful money of the United States of America, and to pay interest hereon from the Interest Payment Date next preceding the date of authentication hereof unless (a) this Bond is authenticated following a Record Date and on or before the next succeeding Interest Payment Date, in which event interest hereon shall be payable from such Interest Payment Date, or (b) this Bond is authenticated on or before the first Record Date, in which event interest hereon shall be payable from the Original Issue Date, or (c) interest on this Bond is in default as of the date of authentication hereof, in which event interest hereon shall be payable from the date to which interest has been paid in full to the Maturity Date or the date of redemption, whichever is earlier, by wire transfer to the Owner on each Interest Payment Date (as hereinafter defined) at the address shown on the registration books as of the close of business on (i) the last day (whether or not a Business Day) of the Interest Payment Period next preceding each Interest Payment Date. "Interest Payment Date" means when used with respect to Bonds bearing interest at the Index Rate, each August 1, November 1, February 1 and May 1,

commencing August 1, 2010. The principal (or redemption price) hereof is payable upon surrender at the Principal Office (as defined in the Fiscal Agent Agreement) of Wells Fargo Bank, National Association (herein called the "Fiscal Agent"). All terms capitalized but not defined herein shall have the respective meanings given to them in the Fiscal Agent Agreement hereinafter described.

This Bond is one of a duly authorized series of bonds of the Agency designated as the Redevelopment Agency of the City of San José Merged Area Redevelopment Project Taxable Housing Set-Aside Tax Allocation Variable Rate Bonds, Series 2010C, of an initial aggregate principal amount of $93,000,000 (the "Bonds") all issued pursuant to the provisions of the Community Redevelopment Law (being Division 24 of the Health and Safety Code) of the State of California, as amended (herein called the "Law"), and pursuant to a Fiscal Agent Agreement, dated as of April 1, 2010, by and between the Agency and the Fiscal Agent (herein called the "Fiscal Agent Agreement"), authorizing the issuance of the Bonds.

Reference is hereby made to the Fiscal Agent Agreement (a copy of which is on file at said Principal Office of the Fiscal Agent) and all supplements thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Subordinate Housing Set-Aside Amounts, as that term is defined in the Fiscal Agent Agreement, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Fiscal Agent and the rights and obligations of the Agency thereunder, to all the provisions of which Fiscal Agent Agreement the registered owner of this Bond, by acceptance hereof, assents and agrees.

The proceeds of the Bonds will be used by the Agency for the purposes and on the terms and conditions set forth in the Fiscal Agent Agreement. This Bond and the interest hereon and all other Bonds and the interest thereon (to the extent set forth in the Fiscal Agent Agreement) are payable from, and are secured by a pledge and assignment of, the Subordinate Housing Set-Aside Amounts (as that term is defined in the Fiscal Agent Agreement) derived from a portion of the amounts received by the Agency as tax increment revenue as described in the Fiscal Agent Agreement. Except to the extent set forth in the Fiscal Agent Agreement, all such Subordinate Housing Set-Aside Amounts are irrevocably pledged to and constitute a trust fund, in accordance with the terms of the Fiscal Agent Agreement and the Law, for the punctual payment of interest on, and principal of, and redemption premiums, if any, on the Bonds and any Parity Debt. The Subordinate Housing Set-Aside Amounts and such other moneys held under the Fiscal Agent Agreement (except as otherwise provided in the Fiscal Agent Agreement) may not be used for any other purpose while any of the Bonds remain outstanding. The pledge constitutes a first lien on the Subordinate Housing Set-Aside Amounts and such other moneys held under the Fiscal Agent Agreement for the payment of the Bonds and any Parity Debt.

The Bonds are special limited obligations of the Agency, payable solely from and secured by a pledge of the aforementioned Subordinate Housing Set-Aside Amounts as specified in the Fiscal Agent Agreement. Neither the payment of the principal of the Bonds, nor any interest, or premium, if any, thereon, constitutes a debt, liability or obligation of the City of San José of the State of California or of any subdivision thereof other than the Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The rights and obligations of the Agency and the Owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Fiscal Agent Agreement, but no such modification or amendment shall (1) extend the fixed maturity of this Bond or reduce the rate of interest hereon or extend the time of payment of interest, or reduce the amount of the principal hereof or reduce any premium payable upon the redemption hereof, without the consent of the holder hereof, (2) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification or (3) modify any of the rights or obligations of the Fiscal Agent or the Tender Agent without the consent of the Fiscal Agent or the Tender Agent, as applicable; all as more fully set forth in the Fiscal Agent Agreement.

Prior to conversion, the Bonds shall bear interest at the Index Rate determined pursuant to the Fiscal Agent Agreement, payable on each Interest Payment Date, for the immediately preceding Interest Payment Period. The amount of interest so payable on any Interest Payment Date during the Index Rate Period shall be computed on the basis of a 360-day year and actual days elapsed. Interest on this Bond shall be paid initially at the Index Rate and shall continue to be paid at such rate until the Bonds shall have been converted to bear interest at another Variable Rate or the Fixed Rate. The interest rate applicable to the Bonds during the Index Rate Period shall be determined by the Calculation Agent as provided in the Fiscal Agent Agreement.

At the option of the Agency, the Bonds may be converted to be payable at a Variable Rate or a Fixed Rate until their final maturity or earlier redemption (provided that a firm underwriting commitment for the Bonds has been obtained). Any such conversion shall be made in accordance with the terms of the Fiscal Agent Agreement.

The Bonds are subject to redemption and tender as provided in the Fiscal Agreement.

This Bond is transferable upon the books of the Fiscal Agent by the person in whose name it is registered, in person or by his duly authorized attorney in writing, upon surrender of such fully registered Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Fiscal Agent, duly executed. The Fiscal Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. No transfer of any Bond shall be required to be made during the period after the Record Date through and including the next succeeding Interest Payment Date or during the period designated for selection of Bonds for redemption, or of any Bond so selected for redemption or for which notice of tender has been given.

The Bonds are authorized to be executed and delivered in the form of fully registered Bonds in Authorized Denominations, which are, during any period while the Bonds bear interest at a Variable Rate other than a Long Rate, $100,000 or any integral multiple of $5,000 in excess thereof, and during any period while the Bonds bear interest at a Long Rate or a Fixed Rate, $5,000 or any integral multiple thereof. Subject to the conditions and terms and upon payment of the charges, if any, provided in the Fiscal Agent Agreement, the Bonds may be exchanged at the Principal Office of the Fiscal Agent for the same aggregate principal amount and like maturity of Bonds of any other Authorized Denominations.

If an event of default, as defined in the Fiscal Agent Agreement, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Fiscal Agent Agreement but such declaration and its consequences may be rescinded and annulled as further provided in the Fiscal Agent Agreement.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Fiscal Agent Agreement.

This Bond shall not be entitled to any benefit under the Fiscal Agent Agreement or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed manually by the Fiscal Agent.

IN WITNESS WHEREOF, THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE has caused this Bond to be executed in its name and on its behalf by the signature of its Director of Finance / Chief Financial Officer and to be attested by the signature of its Secretary all as of April 29, 2010.

REDEVELOPMENT AGENCY OF
THE CITY OF SAN JOSE

By: _____
Director of Finance / Chief Financial Officer

Attest:

_____
Secretary

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Fiscal Agent Agreement.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Fiscal Agent

DATED: April 29, 2010

By: _____
Authorized Officer

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

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

the within-registered Bond and hereby irrevocably constitutes) and appoints(s) _____ attorney, to transfer the same on the registration books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

_____

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-2
TO
FISCAL AGENT AGREEMENT

[FORM OF BOND]

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC") TO THE FISCAL AGENT OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

$_____ **No. R-1**

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSÉ
Merged Area Redevelopment Project
Taxable Housing Set-Aside Tax Allocation Variable Rate Bonds
Series 2010C

Maturity Date	Interest Rate	Original Issue Date	CUSIP
	Variable	April __, 2010	_____

Registered Owner: CEDE & CO.

Principal Amount: _____ **Dollars**

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE, a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (herein called the "Agency"), for value received, hereby promises to pay (but only out of the Subordinate Housing Set-Aside Amounts hereinafter mentioned) the registered owner specified above, or registered assigns, on the Maturity Date specified above (subject to any right of prior redemption hereinafter mentioned and other amounts pledged to the payment of this Bond as provided in the hereinafter mentioned Fiscal Agent Agreement) the Principal Amount specified above by check in lawful money of the United States of America, and to pay interest hereon from the Interest Payment Date next preceding the date of authentication hereof unless (a) this Bond is authenticated following a Record Date and on or before the next succeeding Interest Payment Date, in which event interest hereon shall be payable from such Interest Payment Date, or (b) this Bond is authenticated on or before the first Record Date, in which event interest hereon shall be payable from the Original Issue Date, or (c) interest on this Bond is in default as of the date of authentication hereof, in which event interest hereon shall be payable from the date to which interest has been paid in full to the Maturity Date or the date of redemption, whichever is earlier, by check mailed by first class mail to the Owner on each Interest Payment Date (as hereinafter defined) at the address shown on the registration books as of the close of business on (i) the last

day (whether or not a Business Day) of the Interest Payment Period next preceding each Interest Payment Date with respect to Bonds bearing interest at a Daily, Weekly, Monthly or Flexible Rate, and (ii) the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding each Interest Payment Date with respect to Bonds bearing interest at a Semiannual, Long or Fixed Rate (each, a "Record Date"); or, at the written request of an Owner of Bonds in the aggregate principal amount of at least $1,000,000, by wire transfer to such bank account number within the United States on file with the Fiscal Agent as of the Record Date preceding each Interest Payment Date. "Interest Payment Date" means (i) when used with respect to Bonds bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate, the first Business Day of each month, and the maturity date thereof and, with respect to Bonds bearing interest at a Daily Rate or a Weekly Rate, any date on which the Bonds are subject to mandatory tender for purchase on a Conversion Date or on any date the Agency delivers an Alternate Credit Facility; (ii) when used with respect to Bonds bearing interest at a Flexible Rate, the Business Day following each Rate Period and, if applicable, the maturity date thereof; (iii) when used with respect to Bonds bearing interest at a Semiannual Rate, a Long Rate or a Fixed Rate, August 1 and February 1 of each year, commencing on the first February 1 or August 1 which is at least two months after the applicable Conversion Date and, if applicable, the maturity date thereof; and (iv) when used with respect to Bank Bonds any date on which any interest on such Bank Bonds is due under the Reimbursement Agreement. The principal (or redemption price) hereof is payable upon surrender at the Principal Office (as defined in the Fiscal Agent Agreement) of Wells Fargo Bank, National Association (herein called the "Fiscal Agent"). All terms capitalized but not defined herein shall have the respective meanings given to them in the Fiscal Agent Agreement hereinafter described.

This Bond is one of a duly authorized series of bonds of the Agency designated as the Redevelopment Agency of the City of San José Merged Area Redevelopment Project Taxable Housing Set-Aside Tax Allocation Variable Rate Bonds, Series 2010C, of an initial aggregate principal amount of $93,000,000 (the "Bonds") all issued pursuant to the provisions of the Community Redevelopment Law (being Division 24 of the Health and Safety Code) of the State of California, as amended (herein called the "Law"), and pursuant to a Fiscal Agent Agreement, dated as of April 1, 2010, by and between the Agency and the Fiscal Agent (herein called the "Fiscal Agent Agreement"), authorizing the issuance of the Bonds.

Reference is hereby made to the Fiscal Agent Agreement (a copy of which is on file at said Principal Office of the Fiscal Agent) and all supplements thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Subordinate Housing Set-Aside Amounts, as that term is defined in the Fiscal Agent Agreement, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Fiscal Agent and the rights and obligations of the Agency thereunder, to all the provisions of which Fiscal Agent Agreement the registered owner of this Bond, by acceptance hereof, assents and agrees.

The proceeds of the Bonds will be used by the Agency for the purposes and on the terms and conditions set forth in the Fiscal Agent Agreement. This Bond and the interest hereon and all other Bonds and the interest thereon (to the extent set forth in the Fiscal Agent Agreement) are payable from, and are secured by a pledge and assignment of, the Subordinate Housing Set-Aside Amounts (as that term is defined in the Fiscal Agent Agreement) derived from a portion of

the amounts received by the Agency as tax increment revenue as described in the Fiscal Agent Agreement. Except to the extent set forth in the Fiscal Agent Agreement, all such Subordinate Housing Set-Aside Amounts are irrevocably pledged to and constitute a trust fund, in accordance with the terms of the Fiscal Agent Agreement and the Law, for the punctual payment of interest on, and principal of, and redemption premiums, if any, on the Bonds, any Parity Debt and any amounts owing to the Credit Provider (defined below). The Subordinate Housing Set-Aside Amounts and such other moneys held under the Fiscal Agent Agreement (except as otherwise provided in the Fiscal Agent Agreement) may not be used for any other purpose while any of the Bonds remain outstanding or any amount remains owing to the Credit Provider. The pledge constitutes a first lien on the Subordinate Housing Set-Aside Amounts and such other moneys held under the Fiscal Agent Agreement for the payment of the Bonds, any Parity Debt and any amounts owed to the Credit Provider.

The Bonds are special limited obligations of the Agency, payable solely from and secured by a pledge of the aforementioned Subordinate Housing Set-Aside Amounts as specified in the Fiscal Agent Agreement. Neither the payment of the principal of the Bonds, nor any interest, or premium, if any, thereon, constitutes a debt, liability or obligation of the City of San José of the State of California or of any subdivision thereof other than the Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The rights and obligations of the Agency and the Owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Fiscal Agent Agreement, but no such modification or amendment shall (1) extend the fixed maturity of this Bond or reduce the rate of interest hereon or extend the time of payment of interest, or reduce the amount of the principal hereof or reduce any premium payable upon the redemption hereof, without the consent of the holder hereof, (2) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification or (3) modify any of the rights or obligations of the Fiscal Agent or the Tender Agent without the consent of the Fiscal Agent or the Tender Agent, as applicable; all as more fully set forth in the Fiscal Agent Agreement.

The payments of principal of and interest on the Bonds are supported by an irrevocable direct pay letter of credit (the "Credit Facility"). The Credit Facility shall be drawn upon by the Fiscal Agent under certain circumstances to pay the principal of and interest on the Bonds and to pay the purchase price thereof upon tender as hereinafter described.

Prior to the Fixed Rate Date, the Bonds shall bear interest at the Variable Rate determined pursuant to the Fiscal Agent Agreement, payable on each Interest Payment Date, for the immediately preceding Interest Payment Period. The amount of interest so payable on any Interest Payment Date shall be computed (1) on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed during a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period, a Flexible Rate Period or a Semiannual Period; and (2) on the basis of a 360-day year consisting of twelve 30-day months during a Long Rate Period and on and after the Fixed Rate Date, as applicable. Interest on this Bond shall be paid initially at the Weekly Rate and shall continue to be paid at such rate until the Bonds shall have been converted to bear interest at another Variable Rate or the Fixed Rate. The interest rate applicable to the

Bonds during any Variable Rate Period shall be determined by the Remarketing Agent as provided in the Fiscal Agent Agreement.

At the option of the Agency, the Bonds may be converted to be payable at a Fixed Rate until their final maturity or earlier redemption (provided that a firm underwriting commitment for the Bonds has been obtained). Any such conversion shall be made in accordance with the terms of the Fiscal Agent Agreement.

The Bonds are subject to optional and mandatory redemption and optional and mandatory tender as provided in the Fiscal Agreement.

This Bond is transferable upon the books of the Fiscal Agent by the person in whose name it is registered, in person or by his duly authorized attorney in writing, upon surrender of such fully registered Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Fiscal Agent, duly executed. The Fiscal Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. No transfer of any Bond shall be required to be made during the period after the Record Date through and including the next succeeding Interest Payment Date or during the period designated for selection of Bonds for redemption, or of any Bond so selected for redemption or for which notice of tender has been given.

The Bonds are authorized to be executed and delivered in the form of fully registered Bonds in Authorized Denominations, which are, during any period while the Bonds bear interest at a Variable Rate other than a Long Rate, $100,000 or any integral multiple of $5,000 in excess thereof, and during any period while the Bonds bear interest at a Long Rate or a Fixed Rate, $5,000 or any integral multiple thereof. Subject to the conditions and terms and upon payment of the charges, if any, provided in the Fiscal Agent Agreement, the Bonds may be exchanged at the Principal Office of the Fiscal Agent for the same aggregate principal amount and like maturity of Bonds of any other Authorized Denominations.

If an event of default, as defined in the Fiscal Agent Agreement, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Fiscal Agent Agreement but such declaration and its consequences may be rescinded and annulled as further provided in the Fiscal Agent Agreement.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Fiscal Agent Agreement.

This Bond shall not be entitled to any benefit under the Fiscal Agent Agreement or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed manually by the Fiscal Agent.

IN WITNESS WHEREOF, THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSÉ has caused this Bond to be executed in its name and on its behalf by the signature of its Director of Finance / Chief Financial Officer and to be attested by the signature of its Secretary all as of _____.

REDEVELOPMENT AGENCY OF
THE CITY OF SAN JOSE

By: _____
Director of Finance / Chief Financial Officer

Attest:

_____
Secretary

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Fiscal Agent Agreement.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Fiscal Agent

DATED: _____

By: _____
Authorized Officer

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

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

the within-registered Bond and hereby irrevocably constitutes) and appoints(s) _____ attorney, to transfer the same on the registration books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

_____

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
TO
FISCAL AGENT AGREEMENT

FORM OF INVESTOR LETTER

_____, 2010

City of San José
San José, California

Redevelopment Agency of the City of San José
San José, California

Hawkins Delafield & Wood LLP
San Francisco, California

Re: $93,000,000 Redevelopment Agency of the City of San José Merged Area Redevelopment Project Taxable Subordinate Housing Set-Aside Tax Allocation Variable Rate Bonds Series 2010C

Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges receipt of a portion of the above-referenced bonds (the "Bonds"). The Bonds have been executed by the Redevelopment Agency of the City of San José (the "Agency") and authenticated by Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent") pursuant to the terms of a Fiscal Agent Agreement, dated as of April 1, 2010 (the "Fiscal Agreement"), by and between the Agency and the Fiscal Agent. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Fiscal Agreement.

The Investor will provide the Fiscal Agent with the following information: (a) the Taxpayer Identification Number; (b) the Investor's mailing address; and (c) payment instructions.

The undersigned acknowledges that the Bonds were delivered for the purpose of financing and refinancing redevelopment projects, more particularly described in the Fiscal Agreement.

In connection with the sale of the Bonds to the Investor, the Investor hereby makes the following representations upon which the addressees hereto may rely:

1. The Investor has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

2. The Investor is a "Qualified Institutional Buyer" and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations and is capable of evaluating the merits and risks of its investment in the Bonds. The Investor is able to bear the economic risk of, and entire loss of, an investment in the Bonds. "Qualified Institutional Buyer" means an entity as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The definition of Qualified Institutional Buyer is attached hereto as Exhibit A.

3. The Bonds are being acquired by the Investor for investment for its own account and not with a present view toward resale or distribution in that, the Investor does not now intend to resell or otherwise distribute all or any part of its interest in the bonds; provided, however, that the Investor reserves the right to sell, transfer or redistribute the Bonds, but agrees that any such sale, transfer or distribution shall be to a Person we reasonably believe to be a Qualified Institutional Buyer or to a trust or custodial arrangement, the owners of any beneficial interest in which shall be limited to Qualified Institutional Buyers.

4. The Investor has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified and acting officer of the Investor and is authorized to cause the Investor to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Investor.

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Agency, the City and the Bonds and the security therefor so that, as a reasonable investor, the Investor has been able to make a decision to purchase the Bonds.

6. The Investor acknowledges that the obligations of the Agency to make debt service payments on the Bonds are special, limited obligations of the Agency, payable solely from Subordinate Housing Set-Aside Amounts as described in the Fiscal Agreement.

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds.

8. The Bonds are being purchased in a direct, private placement transaction and the terms of the sale and purchase have been established through negotiations between the Investor and the Agency in an arm's-length transaction.

Very truly yours,

Signature: _____

Name: _____

Taxpayer Identification Number _____

Mailing Address: _____

_____

Payment Instructions: _____

_____

_____

Exhibit A

Qualified Institutional Buyer Definition

A "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof, consisting of:

1. Any of the following entities, acting for its own account or the accounts of other Qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the entity:

(A) Any insurance company as defined in Section 2(13) of the Securities Act of 1933, as amended;

NOTE: A purchase by an insurance company for one or more of its separate accounts, as defined by Section 2(a)(37) of the Investment Company Act of 1940 (the "Investment Company Act"), which are neither registered under Section 8 of the Investment Company Act nor required to be so registered, shall be deemed to be a purchase for the account of such insurance company.

(B) Any investment company registered under the Investment Company Act or any business development company as defined in Section 2(a)(48) of that Act;

(C) Any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

(D) Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;

(E) Any employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974;

(F) Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph 1(D) or (E) of this section, except trust funds that include as participants individual retirement accounts or H.R. 10 plans;

(G) Any business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(H) Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), corporation (other than a bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended, or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act of 1933, as amended, or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and

(I) Any investment adviser registered under the Investment Advisers Act.

2. Any dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer.

3. Any dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934 acting in a riskless principal transaction on behalf of a qualified institutional buyer.

NOTE: A registered dealer may act as agent, on a non-discretionary basis, in a transaction with a qualified institutional buyer without itself having to be a qualified institutional buyer.

4. Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. "Family of investment companies" means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that, for purposes of this section:

(A) Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act: 17 CFR 270.18f-2) shall be deemed to be a separate investment company; and

(B) Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor).

5. Any entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers.

6. Any bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended, any savings and loan association or other institution as referenced in Section 3(a)(5)(A) of the Securities Act of 1933, as amended, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under the rule in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.

In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes

and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published. In the latter event, the securities may be valued at market for purposes of this section.

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless the entity is a reporting company under Section 13 or 15(d) of the Securities Exchange Act of 1934, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

For purposes of this section, "riskless principal transaction" means a transaction in which a dealer buys a security from any person and makes a simultaneous offsetting sale of such security to a qualified institutional buyer, including another dealer acting as riskless principal for a qualified institutional buyer.