

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the Redevelopment Agency of the City of San José (the “Agency”), in connection with the issuance of its \$56,695,000 aggregate principal amount of Merged Area Redevelopment Project Housing Set-Aside Tax-Exempt Refunding Tax Allocation Bonds, Housing Series 2010A (the “Series 2010A Bonds”) and its \$_____ aggregate principal amount of Merged Area Redevelopment Project Housing Set-Aside Taxable Refunding Tax Allocation Bonds, Housing Series 2010B (the “Series 2010B Bonds” and together with the Series 2010A Bonds, the “Bonds”). The Bonds are being issued pursuant to a Resolution of the Agency adopted March 23, 2010 and a Fiscal Agent Agreement, dated as of February 1, 1993 (the “Original Agreement”) by and between the Agency and First Interstate Bank of California, as fiscal agent, as supplemented and amended by a First Supplemental Agreement, dated as of March 1, 1993, the Second Supplemental Agreement, dated as of November 1, 1993 by and between the Agency and First Interstate Bank of California, as fiscal agent, the Third Supplemental Agreement, dated as of December 1, 1993 by and between the Agency and First Interstate Bank of California, as fiscal agent, the Fourth Supplemental Agreement, dated as of June 1, 1997 by and between the Agency and First Trust of California, National Association, as fiscal agent, the Fifth Supplemental Agreement, dated as of November 1, 2000 by and between the Agency and U.S. Bank Trust National Association, as fiscal agent, the Sixth Supplemental Agreement, dated as of July 1, 2003 by and between the Agency and Wells Fargo Bank, National Association, as fiscal agent, the Seventh Supplemental Agreement, dated as of June 1, 2005 by and between the Agency and Wells Fargo Bank, National Association, as fiscal agent and the Eighth Supplemental Agreement, dated as of April 1, 2010 by and between the Agency and Wells Fargo Bank, National Association, as fiscal agent (the “Fiscal Agent”). The Original Agreement, as so amended and supplemented, shall be referred to hereinafter as the “Agreement.”

The Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” means Wells Fargo Bank, National Association, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Fiscal Agent a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“Official Statement” means the Official Statement dated _____, 2010, relating to the Bonds.

“Participating Underwriter” shall mean any of the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” means the MSRB or any other information repository as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than February 1 of each calendar year, commencing with the report for the 2009-10 Fiscal Year (ending June 30, 2010) to be filed by February 1, 2011, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Agency shall provide the Annual Report to the Dissemination Agent; provided, however, that the Agency may distribute the Annual Report to the Repositories itself after providing written notice to the Fiscal Agent and the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository, if any, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(a) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and

(b) if the Dissemination Agent is other than the Agency, file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Agency's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Agency for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Agency, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. To the extent not included in the financial statements provided pursuant to Section 4(1), numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:

(a) A table showing the total projected Housing Set-Aside Amounts and debt service coverage for the Merged Project Area in a format similar to that set forth in Table __ of the Official Statement entitled "Projected Debt Service Coverage;" and

(b) Description of any Parity Obligations issued by the Agency in the fiscal year to which the Annual Report pertains.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. modifications to rights of Holders of the Bonds;
4. optional, contingent or unscheduled bond calls;
5. defeasances;

- Bonds;
difficulties;
6. rating changes;
 7. adverse tax opinions or events adversely affecting the tax-exempt status of the
 8. unscheduled draws on the debt service reserves reflecting financial
 9. unscheduled draws on credit enhancements reflecting financial difficulties;
 10. substitution of credit or liquidity providers, or their failure to perform; and
 11. release, substitution or sale of property securing repayment of the Bonds.

(b) Promptly after obtaining actual knowledge of the occurrence of any of the Listed Events at the principal corporate trust office of the Fiscal Agent in ____, California, the Fiscal Agent shall contact the Agency at its notice address in the Agreement, inform such person of the event, and request that the Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Fiscal Agent pursuant to subsection (b) or otherwise, the Agency shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Agency has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Agency shall promptly notify the Fiscal Agent in writing. Such notice shall instruct the Fiscal Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event would not be material under applicable federal securities laws, the Agency shall so notify the Fiscal Agent in writing and instruct the Fiscal Agent not to report the occurrence.

(f) If the Fiscal Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Fiscal Agent shall file or request the Dissemination Agent (if other than the Fiscal Agent) to file a notice of such occurrence with the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Agreement.

(g) The Fiscal Agent may conclusively rely on an opinion of counsel that the Agency's instructions to the Fiscal Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. Each party's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency

shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Fiscal Agent shall be the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either: (i) is approved by the Holders of the Bonds in the same manner as provided in the Agreement for amendments to the Agreement with the consent of Holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Electronic Filing. The Agency may satisfy its disclosure obligations hereunder to file any notice, document or information by filing the same with the MSRB through MSRB's Electronic Municipal Market Access system, in the format and with identifying or other information as may be required by the Securities and Exchange Commission or the MSRB, or by filing the same with any other Repository that may be recognized by the Securities and Exchange Commission, in such manner as may be required by the Securities and Exchange Commission or such Repository.

SECTION 11. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Agreement, the Fiscal Agent may (and, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Bonds, shall, but only to the extent indemnified to its satisfaction), or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and the payment of the Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Agency: Redevelopment Agency of the City of San José
 Attention: Executive Director
 200 East Santa Clara Street
 San José, CA 95113-1905
 Phone: (408) 535-8500

with copies to: Finance Department
 Attn: Deputy Director of Finance
 City of San José
 200 East Santa Clara Street
 San José, CA 95113-1905
 Phone: (408) 535-8500

Housing Department
 City of San José
 200 East Santa Clara Street

San José, CA 95113-1905
Phone: (408) 535-8500

If to the Dissemination
Agent

Wells Fargo Bank, National Association
Attn: Corporate Trust
707 Wilshire Boulevard, 17th Floor
Los Angeles, Ca 90017

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Fiscal Agent, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated as of _____ 1, 2010.

REDEVELOPMENT AGENCY OF CITY OF SAN JOSE

By _____
Executive Director

APPROVED AS TO FORM:

Chief Deputy Counsel

The undersigned hereby agrees to act as Dissemination Agent pursuant to the foregoing Disclosure Agreement.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Dissemination Agent

By: _____

Its: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Fiscal Agent

By: _____

Its: _____

[Signature Page to the Continuing Disclosure Agreement]

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Agency: Redevelopment Agency of the City of San José

Name of Issue: Redevelopment Agency of the City of San José Merged Area Redevelopment Project Housing Set-Aside Tax-Exempt Refunding Tax Allocation Bonds, Housing Series 2010A

and

Redevelopment Agency of the City of San José Merged Area Redevelopment Project Housing Set-Aside Taxable Refunding Tax Allocation Bonds, Housing Series 2010B

Date of Issuance: _____, 2010

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of San José (the “Agency”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated _____, 2010 by the Agency and accepted by Wells Fargo Bank, National Association, as Dissemination Agent. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

WELLS FARGO, BANK NATIONAL ASSOCIATION, as Dissemination Agent

By _____ [form only; no signature required]