

BOND PURCHASE AGREEMENT

\$8,080,000
City of San José, California
Multifamily Housing Revenue Bonds
(Orvieto Family Apartments)
Series 2010B-1

June __, 2010

City of San José, California
Finance Department
200 East Santa Clara Street, 13th Floor Tower
San José, California 95113
Attention: Assistant Finance Director

Orvieto Family Apartments, L.P.
c/o ROEM Development Corporation
1650 Lafayette Street
Santa Clara, California 95050

Ladies and Gentlemen:

RBC Capital Markets Corporation (the “*Underwriter*”), on behalf of itself and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement (this “*Bond Purchase Agreement*”) with the City of San José, California (the “*Issuer*”) and Orvieto Family Apartments, L.P., a California limited partnership (the “*Borrower*”). This Bond Purchase Agreement will be binding upon the Underwriter, the Issuer and the Borrower upon acceptance of such offer by the Issuer and the Borrower at or prior to 9:00 a.m., Pacific time, on the date hereof.

Section 1. Introduction. The Issuer is authorized to issue the above-captioned bonds (the “*Bonds*”) pursuant to Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California (the “*Act*”) and a resolution adopted by the Issuer on June 15, 2010 (the “*Resolution*”). The Bonds shall be as described in and shall be issued pursuant to a Trust Indenture dated as of July 1, 2010 (the “*Indenture*”), by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the “*Trustee*”).

Capitalized terms used herein but not defined herein shall have the meanings assigned thereto in the Indenture.

The Bonds are being issued to finance the acquisition and construction of Orvieto Family Apartments, a multifamily residential rental project located in the City of San José, California (the “*Project*”). The proceeds of the Bonds will be loaned (the “*Bond Mortgage Loan*”) by the Issuer to the Borrower pursuant to a Financing Agreement, dated as of the date of the Indenture (the “*Financing Agreement*”), by and among the Issuer, the Borrower and the Trustee. The proceeds of the Bond Mortgage Loan will be used by the Borrower to finance a portion of the costs incurred by the Borrower in connection with the Project [and to pay certain costs incurred in connection with issuing the Bonds]. The Bond Mortgage Loan will be evidenced by a non-recourse Bond Mortgage Note dated as of the Delivery Date (together with all riders and addenda thereto, the “*Bond Mortgage Note*”) executed by the Borrower and the City of San José Financing Authority in favor of the Issuer and secured by a First Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (California) Together With Ground Lessor Subordination and Joinder (together with all riders and addenda thereto) dated as of July 1, 2010 (collectively, the “*Bond Mortgage*”) with respect to the Project. The Bond Mortgage Note will be endorsed by the Issuer to the Trustee and the Bond Mortgage will be assigned by the Issuer to the Trustee as of the Delivery Date.

The Borrower will cause to be delivered to the Trustee on the Delivery Date a direct-pay Credit Enhancement Agreement dated as of July 1, 2010 (the “*Credit Enhancement Agreement*”) by and between the Trustee and the Federal Home Loan Mortgage Corporation (“*Freddie Mac*”). The Credit Enhancement Agreement will provide for draws in an amount equal to Guaranteed Payments with respect to the Bond Mortgage Loan.

To evidence the repayment obligations of the Borrower to Freddie Mac as a result of payments made by Freddie Mac under the Credit Enhancement Agreement, the Borrower and Freddie Mac will enter into a Reimbursement and Security Agreement, dated as of the date of the Indenture (the “*Freddie Mac Reimbursement Agreement*”). To secure the obligations of the Borrower to Freddie Mac under the Freddie Mac Reimbursement Agreement, the Borrower will execute and deliver for the benefit of Freddie Mac a Second Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of the Indenture (the “*Reimbursement Mortgage*”) with respect to the Project.

JPMorgan Chase Bank, N.A. (the “*Construction Phase Credit Facility Provider*”) has agreed, pursuant to the terms and subject to the conditions of the Construction Phase Credit Reimbursement Agreement, to facilitate the financing of the Bond Mortgage Loan by providing a Construction Phase Credit Facility to Freddie Mac during the Construction Phase. The Issuer, Trustee the Construction Phase Credit Facility Provider and Freddie Mac have also entered into an Intercreditor Agreement dated as of the date of the Indenture (the “*Intercreditor Agreement*”) in connection with Freddie Mac’s provision of credit enhancement.

Section 2. Purchase, Sale and Delivery of the Bonds. On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all, but not less than all, of the Bonds for a purchase price of ____% of the principal amount of the Bonds. The Bonds shall bear interest at the rates, mature on the dates and have such other terms as provided in the Indenture and described in the

Official Statement (as defined herein). The Borrower agrees to pay to the Underwriter, as compensation for its services, an underwriting fee equal to ____% of the aggregate principal amount of the Bonds (the “*Underwriting Fee*”), from which the Underwriter will pay certain expenses. The Underwriting Fee shall be due and payable in immediately available funds on the Closing Date (as defined herein), solely and exclusively from funds provided by the Borrower.

The Issuer will deliver the Bonds to or for the account of the Underwriter against payment of the purchase price therefor by wire transfer of immediately available funds to the Trustee (the “*Closing*”) at or prior to 10:00 a.m., Pacific time, on July 14, 2010, or at such other time not later than seven days thereafter as the Underwriter, the Borrower and the Issuer shall mutually agree (the “*Closing Date*”). One Bond will be delivered, registered in the name of Cede & Co. to the Trustee as agent for The Depository Trust Company on or prior to the Closing Date. The Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute a “definitive” form.

Section 3. Bond Documents. On or prior to the Closing Date, the Underwriter shall have received a copy of each of the following documents, duly executed by all parties thereto or certified to the satisfaction of the Underwriter:

- (a) Indenture;
- (b) Financing Agreement;
- (c) Regulatory Agreement (including the Freddie Mac Rider thereto);
- (d) Continuing Disclosure Agreement;
- (e) Reimbursement and Security Agreement, dated as of the date of the Indenture (the “*Reimbursement Agreement*” or “*Freddie Mac Reimbursement Agreement*”);
- (f) Freddie Mac Credit Enhancement Agreement;
- (g) Bond Mortgage and Reimbursement Mortgage;
- (h) Bond Mortgage Note;
- (i) Intercreditor Agreement;
- (j) Bonds;
- (k) Official Statement; and
- (l) Bond Purchase Agreement

The foregoing documents are hereinafter collectively referred to as the “Bond Documents.”

Section 4. Representations, Warranties and Agreements of the Issuer. The Issuer represents, warrants to, and covenants and agrees with, the Underwriter that:

(a) On the date hereof and on the Closing Date, the statements and information pertaining to the Issuer, including, without limitation, its functions, duties and responsibilities, contained in the Official Statement, are and will be true, correct and complete in all material respects, and the Official Statement does not and will not omit any statement or information which is necessary to make such statements and information pertaining to the Issuer, including without limitation, its functions, duties and responsibilities, in light of the circumstances under which they are made, not misleading in any material respect.

(b) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, pending against or affecting, or to the best of the Issuer’s knowledge, threatened, before or by any court, governmental agency, public board or body, or other entity or person, against or affecting the Issuer or its officials, in their respective capacities as such, or any basis therefore, in any way:

(i) Affecting the organization of the Issuer, or the legal or corporate existence of the Issuer, or the title of the members of the Issuer to their respective offices, or any powers of the Issuer under the Constitution or the laws of the State of California;

(ii) Seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of revenues from the Borrower derived from payments under the Financing Agreement, or the pledge thereof;

(iii) Contesting or affecting the validity or enforceability of the Bonds or the Bond Documents to which the Issuer is a party or any other agreement or instrument to which the Issuer is party and that is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby (collectively, the “*Issuer Documents*”);

(iv) Contesting the power of the Issuer to enter into, execute and deliver the Issuer Documents or to consummate the transactions contemplated by such documents and the Official Statement;

(v) Contesting in any way the completeness or accuracy of the Official Statement or any amendment or supplement thereto (nor to the actual knowledge of the Issuer, is there any basis therefor);

(vi) Wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Issuer Documents

or any other agreement or instrument to which the Issuer is party and that is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby;

(vii) Wherein an unfavorable decision, ruling or finding would materially adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds; or

(viii) Wherein an unfavorable decision, ruling or finding would materially adversely affect the use of proceeds of the Bonds to make the Bond Mortgage Loan.

(c) The Issuer is a charter city, duly organized, validly existing and in good standing under the laws of the State, and has, and at the Closing Date will have, full legal right, power and authority under the Constitution and the laws of the State: (i) to enter into the Issuer Documents; (ii) to adopt the Resolution; (iii) to issue, sell and deliver the Bonds to the Underwriter under the Indenture and as provided herein; (iv) to pledge and assign the revenue, other money, securities, funds, accounts, guarantees, insurance, and other items pledged under the terms of the Indenture, as provision of and security for the payment of the principal of and interest on the Bonds, and to similarly pledge all money, securities and earnings held in the funds and accounts held under the Indenture, all in the manner described in the Resolution, the Indenture and the Financing Agreement; and (v) to carry out, give effect to and consummate all the other transactions contemplated by the Issuer Documents, the Resolution and the Official Statement.

(d) The Issuer has duly and validly adopted the Resolution, has duly authorized and approved the execution and delivery of the Bonds, the Issuer Documents and the Official Statement, and has duly authorized and approved the performance by the Issuer of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of those documents, and at the Closing Date, the Bonds and the Issuer Documents will constitute the valid, legal and binding obligations of the Issuer (assuming due authorization, execution and delivery by the other parties thereto, where necessary) in accordance with their respective terms and the Resolution and will be in full force and effect.

(e) The Issuer's execution and delivery of the Bonds and the Issuer Documents, the Issuer's consummation of the transactions contemplated by such documents, and the Issuer's fulfillment of or compliance with the terms, conditions or provisions thereof will not, in any material way, conflict with, violate or result in the breach of: (i) any constitutional provision or statute of the State or of any statute, governmental rule or regulation, law and order, judgment or decree to which the Issuer is now a party or by which it is bound, or (ii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Issuer is a party or by which the Issuer or its properties is bound, and will not constitute a default under any of the foregoing which has not been waived or consented to in writing by the appropriate

party or parties, and will not result in the creation or imposition of any lien, charge, security interest or encumbrance of any nature upon any property or assets of the Issuer prohibited under the terms of any such agreement, instrument, statute, governmental rule or regulation, court order, judgment or decree.

(f) Upon delivery of the Bonds, the Issuer will have good right, full power and lawful authority to pledge and assign the trust estate described in the Indenture to the Trustee as provided in the Indenture and the Resolution.

(g) The Issuer has complied, and will at the Closing Date be in compliance, in all material respects with the Resolution and the Issuer Documents.

(h) All approvals, consents, authorization, elections and orders of or filings or registrations with any governmental authority, board, agency or issuer having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Issuer of its obligations hereunder or under the Bonds or any of the Issuer Documents have been obtained and are in full force and effect.

(i) [reserved].

(j) The Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding limited obligations of the Issuer entitled to all the benefits and security of the Indenture.

(k) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate, provided that in connection therewith the Issuer shall not be required to file a general consent to service of process in any jurisdiction.

(l) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture. The Issuer, when acting as a conduit issuer, issues bonds and notes as limited obligations payable solely from the revenues derived from the facilities financed by such issues. Other bonds issued by the Issuer may have been in default, but the facilities financed and the revenues derived from such facilities pursuant to any defaulted bond issues are separate and distinct from the transactions contemplated by the Issuer Documents.

(m) The Issuer has taken such actions as advised by its bond counsel which are necessary to preserve the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(n) Any certificate signed by any Authorized Officer of the Issuer shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

The execution and delivery of this Bond Purchase Agreement by the Issuer shall constitute a representation to the Underwriter that the representations and warranties contained in this Section are true as of the date hereof.

Section 5. Representations, Warranties and Covenants of the Borrower. The Borrower represents and covenants with the Issuer and the Underwriter as follows:

(a) The Borrower is duly organized and existing as a limited partnership under the laws of California, has full legal right, power and authority to own its properties and to conduct its business as described in the Official Statement and to enter into and to carry out and consummate the transactions contemplated by the Bond Documents to which the Borrower is a party (the "*Borrower Documents*"), and is duly qualified to do such business and is in good standing wherever such qualification and/or standing are required, including the State.

(b) The information in the Official Statement under the headings "THE PROJECT AND THE PRIVATE PARTICIPANTS," "PLAN OF FINANCING" AND "ABSENCE OF LITIGATION—The Borrower" was, on the date thereof, and is, on the date hereof, true and correct and did not, on the date thereof, and does not, on the date hereof, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(c) By all necessary action, the Borrower has duly authorized and adopted the Borrower Documents and approved the execution and delivery of the Borrower Documents, and the performance by the Borrower of the obligations in connection with the issuance of the Bonds on its part contained in the Borrower Documents and the consummation by it of all other transactions contemplated by the Indenture and the Borrower Documents in connection with the issuance of the Bonds.

(d) On the Closing Date, the Borrower Documents will constitute the valid, legal and binding obligations of the Borrower (assuming due authorization, execution and delivery by the respective other parties thereto, where necessary), enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in equity or in law.

(e) As of the date hereof, the Borrower is not in any material respect in violation of, breach of or default under any applicable constitutional provision or law of any state or of the United States of America, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its

activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, which violation or breach of or default would have a material adverse affect upon the transactions contemplated by this Bond Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Borrower Documents, and compliance with the provisions on the Borrower's part contained therein, to the best of Borrower's knowledge, do not and will not conflict with or constitute on the part of the Borrower a violation or breach of or default under any constitutional provision or law of any state or of the United States of America, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound which breach or default would have a material adverse affect upon the transactions contemplated by this Bond Purchase Agreement, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, regulation or instrument, except as provided by the Bonds or the Borrower Documents.

(f) All consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or commission of any state or of the United States of America having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect.

(g) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to Borrower's actual knowledge, threatened against the Borrower, affecting the existence of the Borrower or the titles of its officers executing this Bond Purchase Agreement to their respective offices, or contesting or affecting as to the Borrower the validity or enforceability of the Act, the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of the Official Statement or the powers of the Borrower or its authority with respect to the Borrower Documents or the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the Borrower, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Borrower's financial condition or operations or the validity of the authorization, execution, delivery or performance by the Borrower of any Borrower Document.

(h) The Borrower will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; *provided, however*, that the Borrower shall not be required to register as a dealer or broker of securities or execute a general or special consent to service of process or qualify to do business in any jurisdiction where it is not now so subject.

(i) Any certificate signed by the Borrower and delivered to the Underwriter or the Issuer pursuant to the Indenture or the Borrower Documents shall be deemed a representation and warranty by the Borrower to the Underwriter and the Issuer as to the statements made therein.

(j) The Borrower will not take or omit to take any action, within its direct or indirect control, which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(k) The Borrower shall honor all other covenants contained in the Borrower Documents, which agreements are incorporated herein and made a part of this Bond Purchase Agreement.

The execution and delivery of this Bond Purchase Agreement by the Borrower shall constitute a representation to the Underwriter that the representations and warranties contained in this Section are true and correct in all material respects as of the date hereof.

Section 6. Disclosure Matters. (a) The Borrower has delivered or will deliver to the Underwriter, without charge, in such quantities as the Underwriter has requested or may hereafter reasonably request, copies of the Official Statement and any amendment or supplement thereto. As set forth in Section 10, the Borrower will be responsible for any costs associated with printing and mailing the Preliminary Official Statement described below and the Official Statement described below.

(b) The Issuer and the Borrower acknowledge that the Underwriter is required to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) in connection with the offer and sale of the Bonds and each agrees to cooperate (at the cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the Rule. To this end, the Borrower has delivered to the Underwriter the Preliminary Official Statement dated June __, 2010 (the “*Preliminary Official Statement*”) that the Issuer and Borrower have deemed final as of its date, except for the omission of no more than the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, other terms of the Bonds depending on such matters and the identity of the Underwriter.

(c) The Borrower has authorized the execution and delivery of the Official Statement. The Issuer and the Borrower each hereby approve the use by the Underwriter of the Official Statement dated June __, 2010 (the “*Official Statement*”) with respect to the Bonds in connection with the public offering of the Bonds by the Underwriter.

(d) The Borrower will supply sufficient quantities of the Official Statement to enable the Underwriter (i) to send a single copy of the Official Statement with any confirmation that requests payment for a Bond, and in any event within seven business days after the date hereof, and to any potential customer upon request until the earlier of (A) 90 days after the End of the Underwriting Period (as defined below) or (B) the time when the Official Statement is available to any person from the Municipal Securities Rulemaking Board (the “*MSRB*”), but in no case less than 25 days following the End of the Underwriting Period, and (ii) to comply with any applicable rules of the Municipal Securities Rulemaking Board. The Underwriter agrees to promptly file the Official Statement with the MSRB. The “End of the Underwriting Period” means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public, provided that the “End of the Underwriting Period” will be deemed to be the Closing Date unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds.

(e) If, during the period from the date hereof and ending on the earlier of (i) 90 days after the End of the Underwriting Period or (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period, any event occurs as a result of which the Official Statement for the Bonds as then amended or supplemented might include an untrue statement of material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer, if such event relates to the information included in the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION—The Issuer” (insofar as the information under such caption pertains to the Issuer), or the Borrower shall promptly notify the Underwriter thereof and shall (in either case, at the expense of the Borrower), upon the request of the Underwriter, prepare and deliver to the Underwriter, as many copies of an amendment or supplement which will correct such statement or omission as the Underwriter may reasonably request.

(f) The Issuer and the Underwriter agree to cooperate with the Borrower to minimize any expenses incurred in connection with the preparation and distribution of any amendments or supplements to the Official Statement and/or any remarketing memoranda required by the foregoing provisions.

Section 7. Conditions to Obligations of the Underwriter. The obligation of the Underwriter to purchase the Bonds and the obligation of the Issuer to sell the Bonds to the Underwriter shall be subject to the following conditions precedent:

(a) The representations of the Issuer and the Borrower herein and the representations and warranties made in each of the Bond Documents by the respective parties thereto shall be true and correct on the date hereof and on the Closing Date, as if

made on the Closing Date, and each such party to the Bond Documents shall deliver a certificate to such effect. The Issuer and the Borrower shall have performed all of their obligations hereunder, and the Issuer and the Borrower shall deliver certificates to such effect. The Official Statement (as the same may be amended or supplemented with the written approval of the Underwriter) shall be true and correct in all material respects and shall not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(b) Except as may have been agreed to by the Underwriter, as of the Closing Date, each of the Bond Documents and all other official action of the Issuer relating thereto shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended or supplemented.

(c) The Issuer and the Underwriter shall have received the legal opinion of Bond Counsel, in substantially the form set forth in Appendix C to the Official Statement, and the Underwriter shall have received a supplemental opinion of said firm dated the Closing Date and addressed to the Underwriter covering the points identified in Exhibit A hereto.

(d) No default or event of default (as defined in any of the Bond Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(e) No material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the Project) of, any of the Issuer, Freddie Mac or the Borrower have occurred between the date hereof and the Closing Date.

(f) On or prior to the Closing Date, all actions required to be taken as of the Closing Date in connection with the Bonds and the Bond Documents by the Issuer, the Borrower and Freddie Mac shall have been taken, and the Issuer, the Borrower and Freddie Mac shall each have performed and complied with all agreements, covenants and conditions required to be performed or complied with by the Bond Documents, and the Issuer and the Borrower shall deliver a certificate to such effect insofar as the foregoing actions, agreements, covenants and conditions apply to each such party, and each of such agreements shall be in full force and effect and shall not have been amended, modified or supplemented, except as has been agreed to by the Underwriter.

(g) Each of the Bond Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be in forms exhibited to the Underwriter on the date hereof with only such changes as the Underwriter may approve, and each of the Bond Documents shall be in full force and effect.

(h) None of the events referred to in Section 8 of this Bond Purchase Agreement shall have occurred.

(i) The Underwriter shall have received the opinion of counsel to the Borrower dated the Closing Date covering the points identified in Exhibit B hereto. The Borrower hereby authorizes and directs its counsel to render such opinion to and for the benefit of the Underwriter.

(j) There shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any rating of the Bonds.

(k) The Underwriter shall have received a certificate of the Borrower to the effect that (A) each of the representations and warranties set forth in the Borrower Documents (including this Bond Purchase Agreement) is true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date, (B) no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect, and (C) the Borrower has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied under the Borrower Documents at or prior to the Closing Date.

(l) The Underwriter shall have received the opinion of Katten Muchin Rosenman LLP, Washington, D.C., outside counsel to Freddie Mac, to the effect that the information in the Official Statement under the headings “THE CREDIT ENHANCEMENT AGREEMENT” AND “SUMMARY OF CERTAIN PROVISIONS OF THE INTERCREDITOR AGREEMENT” to the extent that such information purports to summarize the Credit Enhancement Agreement, the Freddie Mac Reimbursement Agreement and the Intercreditor Agreement, constitute accurate summaries thereof in all material respects and the form of Credit Enhancement Agreement appearing as Appendix B to the Official Statement is an accurate representation of the Credit Enhancement Agreement delivered to the Trustee in connection with the issuance of the Bonds.

(m) The Underwriter shall have received the opinion of Deputy General Counsel to Freddie Mac in the form and substance attached hereto as Exhibit C.

(n) The Underwriter shall have received a certificate of Freddie Mac that the information regarding Freddie Mac set forth in the Official Statement is accurate and may be used therein.

(o) The Underwriter shall have received certificates of the Borrower and the Issuer, dated the Closing Date, in form and substance satisfactory to the Underwriter and to Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(p) The Underwriter shall have received an opinion of its counsel.

(q) The Underwriter shall have received a certificate, dated the Closing Date and signed by an Authorized Officer of the Issuer, to the effect that:

(i) Except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer (or, to the knowledge of the Issuer, any meritorious basis therefor), wherein an unfavorable decision, ruling or finding would: (a) adversely affect the creation, existence or powers of the Issuer, or the title to office of the officers thereof, (b) limit, enjoin or restrain the issuance, sale and delivery of the Bonds, or the payment, collection or application of the revenues and limit, enjoin or restrain other moneys and securities pledged or to be pledged under the Indenture or the pledge thereof, (c) adversely affect any of the rights, powers, duties or obligations of the Issuer with respect to the moneys and assets pledged or to be pledged to pay the principal of or redemption price, if any, or interest on the Bonds, (d) question or affect the authority for or validity of the Bonds, the Indenture and the Issuer Documents, or (e) question or affect its obligations with respect to the Bonds as contemplated by any other agreement or instrument to which the Issuer is a party;

(ii) The Issuer has complied or will comply with all agreements, covenants and arrangements and has satisfied all conditions on its part to be complied with, performed or satisfied in connection with the issuance and delivery of the Bonds at or prior to the Closing Date; and

(iii) The representations and warranties of the Issuer contained in the Issuer Documents are true, complete and correct in all material respects as of the Closing Date.

(r) The Underwriter shall have received a tax certificate of the Issuer and the Borrower, dated the Closing Date, with respect to the facts, estimates and circumstances and reasonable expectations pertaining to Section 148 of the Code to support the conclusion that, among other things, none of the Bonds will be an “arbitrage bond.”

(s) The Underwriter shall have received an opinion of its counsel in form and substance satisfactory to the Underwriter.

(t) The Underwriter shall have received such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

If any conditions to the obligations of the Underwriter or the Issuer contained in this Bond Purchase Agreement are not satisfied and the satisfaction of such conditions shall not be waived by the Underwriter and the Issuer, then, at the option of the Underwriter and the Issuer, (i) the

Closing Date shall be postponed for such period, not to exceed seven days, as may be necessary for such conditions to be satisfied or (ii) without limiting the generality of Section 13 of this Bond Purchase Agreement, the obligations of the Underwriter and the Issuer under this Bond Purchase Agreement shall terminate, and neither the Underwriter nor the Issuer shall have any further obligations or liabilities hereunder.

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Underwriter, the Borrower and the Issuer.

Section 8. Termination. The Underwriter may terminate its obligations hereunder by written notice to the Issuer and the Borrower if, at any time subsequent to the date hereof and on or prior to the Closing Date:

(a) (i) Legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States of America or the Department of the Treasury of the United States of America or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States of America, or the United States Tax Court, or (iii) an order, ruling, regulation or communication (including a press release) shall have been issued by the Department of the Treasury of the United States of America or the Internal Revenue Service, in each case referred to in clauses (i), (ii) and (iii), with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest to be received on obligations of the general character of the Bonds.

(b) Legislation shall have been enacted or a decision by a court of the United States of America shall be rendered or any action taken by the Securities and Exchange Commission which, in the opinion of counsel to the Underwriter, has the effect of requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933, as amended, or the Indenture to be qualified under the Trust Indenture Act of 1939, as amended, or any event shall have occurred that, in the judgment of the Underwriter, makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or that, in the judgment of the Underwriter, should be reflected therein in order to make the statements contained therein not misleading in any material respect and the Official Statement shall not have been supplemented or amended to reflect such event.

(c) (i) In the judgment of the Underwriter, the market price of the Bonds is adversely affected because: (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the

Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter; (C) a general banking moratorium shall have been established by federal, New York or State authorities; or (D) a war involving the United States of America shall have been declared, or any other national or international calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Underwriter to market the Bonds; (ii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting or affecting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer; or (iii) legislation shall have been introduced in or enacted by the Legislature of the State with the purpose or effect, directly or indirectly, of imposing State income taxation upon interest to be received by any owners of the Bonds or that would, in the reasonable judgment of the Underwriter, adversely affect an investment in or the security pledged for the Bonds.

(d) There shall have occurred any change that, in the reasonable judgment of the Underwriter, makes unreasonable or unreliable any of the assumptions upon which (i) yield on the Bonds for purposes of compliance with the Code, (ii) payment of debt service on the Bonds, or (iii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated.

(e) Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement or is not reflected in the Official Statement but should be reflected therein, in the light of the circumstances under which they were made, not misleading; or

(f) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred.

Section 9. Indemnification by the Borrower; Contribution. (a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer, the Underwriter and each affiliate, member, officer, director, official, supervisor, counsel, employee, attorney and agent past, present and future of the Issuer and the Underwriter and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively referred to herein as the “*Indemnified Parties*”), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys’ fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the “*Liabilities*”) except any Liability arising from the gross negligence or willful misconduct of the Underwriter or the willful misconduct of the Issuer caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the Bond Mortgage Loan, the Financing Agreement, the Indenture, this Bond Purchase Agreement or any document related to the Bonds, the Project, the Bond Mortgage Loan (the “*Transaction Documents*”) or any transaction or agreement, written or oral, pertaining to the foregoing or (ii) any untrue or misleading statement or alleged untrue or alleged misleading

statement of a material fact contained in the Official Statement in the sections captioned “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “PLAN OF FINANCING” and “ABSENCE OF LITIGATION—The Borrower” or caused by any omission or alleged omission from the above-referenced sections of the Official Statement of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Underwriter and each affiliate, member, officer, director, official, employee and agent of the Underwriter from and against the Liabilities directly or indirectly arising from or relating to any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds.

(c) Any Indemnified Party shall notify the Borrower of the existence of any Liability to which this indemnification obligation would apply and shall give to the Borrower an opportunity to defend the same at the Borrower’s expense and with counsel satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense and shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld. If there may be legal defenses available to the Indemnified Party that are different from or in addition to those available to the Borrower, if conflicts of interest exist or arise between the Borrower and the Indemnified Party or if the Borrower shall, after this notice and within a period of time necessary to preserve any and all defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk and expense of, the Borrower.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section 9 is for any reason held to be unavailable, the Borrower and the Underwriter shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Parties may be subject, so that the Underwriter is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Underwriter be responsible for any amount in excess of the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

(e) The Indemnified Parties, other than the Issuer and the Underwriter, shall be considered to be third-party beneficiaries of this Bond Purchase Agreement for purposes of this section. The provisions of this section will be in addition to all liability that the Borrower may otherwise have and shall survive any termination of this Bond Purchase Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

(f) The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Financing Agreement, the Regulatory Agreement or any other document.

Section 10. Expenses. The Underwriter shall be under no obligation to pay, and the Borrower hereby agrees to pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (a) the costs of printing and preparation for printing or other reproduction for distribution and use in connection with the public offering of the Bonds such number of copies as may be requested by the Underwriter of the Preliminary Official Statement, the Official Statement, the Indenture, the Resolution and the blue sky survey, as well as any delivery costs incurred in connection with the distribution of the foregoing documents; (b) the cost of preparing the definitive Bonds; (c) the fees and disbursements of Bond Counsel in connection with the authorization and issuance of the Bonds; the fees and expenses of Freddie Mac and of Freddie Mac's counsel; the fees and expenses of Issuer's counsel; the fees and expenses of the Trustee and its counsel; any application or administrative fee of the Issuer; and the fees and disbursements of the Issuer's financial advisor and any other experts or consultants retained by the Issuer; (d) the fees of rating agencies in connection with the rating of the Bonds; (e) the fees and expenses of counsel to the Underwriter; (f) the fees and expenses of the Servicer and its counsel; (g) the expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Bond Purchase Agreement; and (h) all other expenses in connection with the public offer and sale of the Bonds. The Issuer shall have no obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds.

Section 11. Notices. Any notice or other communication to be given to the Issuer or the Borrower under this Bond Purchase Agreement may be given by delivering the same in writing to the Issuer or the Borrower at their respective addresses set forth on the first page hereof, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to RBC Capital Markets Corporation, 345 California Street, Suite 2800, San Francisco, California 94104, Attention: Mr. Peter Nolden. Additionally, a copy of any notice or other communication to be given to the Borrower shall also be delivered to the following.

Garnet LIHTC Fund XXI, LLC
c/o AEGON USE Realty Advisors, LLC
Attn: LIHTC Reporting
Mail Drop 5553
4333 Edgewood Road NE
Cedar Rapids, Iowa 52499-5553
Fax: (319) 355-8030

Transamerica Affordable Housing, Inc.
c/o AEGON USA Realty Advisors, LLC
Attn: LIHTC Reporting
Mail Drop 5553
4333 Edgewood Road NE

Cedar Rapids, Iowa 52499-5553
Fax: (319) 355-8030

Section 12. Successors. Other than as provided in Sections 9 and 13 hereof, this Bond Purchase Agreement is made solely for the benefit of the Issuer, the Underwriter and the Borrower (including their assigns) and no other person, including any Bondholder, shall acquire or have any right hereunder or by virtue hereof.

Section 13. Third Party Beneficiaries. The Issuer, the Underwriter and the Borrower hereby acknowledge that the Indemnified Parties identified in Section 9(e) hereof are third party beneficiaries of this Bond Purchase Agreement and shall be entitled to enforce their rights hereunder as if they were parties to this Bond Purchase Agreement.

Section 14. Survival of Certain Representations and Warranties. All agreements, covenants, representations and warranties and all other statements of the Issuer and its officials and officers and the Borrower set forth in or made pursuant to this Bond Purchase Agreement shall remain in full force and effect, regardless of any investigation, or statement as to the results thereof made by or on behalf of the Underwriter or the Issuer, and shall survive the Closing Date and the delivery of and payment for the Bonds.

Section 15. Governing Law. This Bond Purchase Agreement shall be governed by the internal laws of the State of California without resort to conflicts of laws principles.

Section 16. Counterparts. This Bond Purchase 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.

[Remainder of Page Left Blank Intentionally]

[Underwriter's Signature Page to Bond Purchase Agreement]

RBC CAPITAL MARKETS CORPORATION

By: _____
Managing Director

[Signatures Continue on Next Page]

[Issuer's Signature Page to Bond Purchase Agreement]

CITY OF SAN JOSE, CALIFORNIA, as Issuer

By: _____
Julia H. Cooper,
Assistant Director of Finance

Attest:

By: _____
Lee Price,
City Clerk

Approved as to form:

By: _____
Patricia Deignan,
Chief Deputy City Attorney

[Signatures Continue on Next Page]

[Borrower's Signature Page to Bond Purchase Agreement]

ACCEPTED AT [] [A.M./P.M.] PST THIS [] DAY
OF [], 2010

ORVIETO FAMILY APARTMENTS, L.P., a California
limited partnership

By: Eden Orvieto LLC,
a California limited liability company,
its Managing General Partner

By: Eden Investments, Inc., a California
nonprofit public benefit corporation,
its Member/Manager

By: _____
Name: Linda Mandolini
Title: Executive Director

By: ROEM Orvieto Family, LLC,
a California limited liability company,
its Co-General Partner

By: _____
Name: Jonathan Emami
Title: Manager

EXHIBIT A

[Letterhead of Bond Counsel]

July __, 2010

RBC Capital Markets Corporation
345 California Street, Suite 2800
San Francisco, California 94104

\$8,080,000
City of San José, California
Multifamily Housing Revenue Bonds
(Orvieto Family Apartments)
Series 2010B-1

[After appropriate introductory language, the opinion shall state substantially as follows:]

We are of the opinion, as of the date hereof, as follows:

1. The Bond Purchase Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of the Issuer.
2. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the Credit Enhancement Agreement.
3. The statements made in the Official Statement under the headings “THE BONDS” (other than under the subheading “Book—Entry Only System,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” “SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT,” “SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT,” “TAX MATTERS” and in Appendices A and B of the Official Statement, to the extent that such statements describe the Bonds or are summaries of certain provisions of the Bonds, the Financing Agreement, the Indenture, the Regulatory Agreement and our firm’s opinion with respect to certain federal tax implications of certain aspects of the Bonds, present a fair and accurate summary of such provisions and implications in all material respects.

Very truly yours,

EXHIBIT B

[Letterhead of Counsel to the Borrower]

July __, 2010

RBC Capital Markets Corporation
345 California Street, Suite 2800
San Francisco, California 94104

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
McLean, Virginia 22102

City of San José, California
Finance Department
200 East Santa Clara Street, 13th Floor Tower
San José, California 95113

Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17th Floor
Los Angeles, California 90017

\$8,080,000
City of San José, California
Multifamily Housing Revenue Bonds
(Orvieto Family Apartments)
Series 2010B-1

[After appropriate introductory language, the opinion shall state substantially as follows:]

1. The Borrower is qualified to do business and in good standing in the State.
2. The Borrower has full legal right, power and authority (a) to own its properties and conduct its business as described in the Official Statement and (b) to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents.
3. By all necessary action, the Borrower has duly authorized and adopted the Borrower Documents, and approved the execution and delivery of, and the performance by the Borrower of the obligations in connection with the issuance of the Bonds on its part contained in the Bonds and the Borrower Documents and the consummation by it of all other transactions contemplated by the Indenture and the Borrower Documents in connection with the issuance of the Bonds.
4. The Borrower Documents have been duly executed and delivered by the Borrower and, assuming the due authorization, execution and delivery of such agreements by the respective other parties thereto where necessary, if any, constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the

enforcement of creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in equity or in law.

5. The execution and delivery of the Borrower Documents, the performance by Borrower of its obligations thereunder and the consummation of the transactions contemplated therein are within the limited partnership powers of Borrower and will not (i) conflict with or constitute a breach of the Borrower's partnership agreement; (ii) to our knowledge, constitute a default under any indenture, mortgage, deed of trust or other material lien, lease, contract, note, order, judgment, decree or other material agreement, instrument or restriction of any kind to which Borrower is a party or by which any of its properties are bound or affected; or (iii) result in a violation of any constitutional or statutory provision or, to our knowledge, any material order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property.

6. To the best of our knowledge after due and diligent inquiry, as of the Closing Date, the Borrower is not in any material respect in violation of, breach of or default under any applicable constitutional provision or law of any state or of the United States of America, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note, agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Bonds and the Borrower Documents, and compliance with the provisions on the Borrower's part contained therein, do not and will not conflict with, or constitute on the part of the Borrower a violation of, breach of or default under, any applicable constitutional provision or law of any state or of the United States of America, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note, agreement or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, regulation or instrument, except as provided by the Bonds or the Borrower Documents.

7. As of the Closing Date, all consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or Issuer of any state or of the United States of America having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect.

8. The Deed of Trust is in a form sufficient to create valid security interests in favor of the beneficiary thereto in any rights of Borrower in the Article 9 Collateral, as security for the obligations recited in the Deed of Trust to be secured thereby.

9. In accordance with Section 9301(1) of the California UCC, the local law of the jurisdiction where Borrower is located governs perfection of Lender's security interest in Article 9 Collateral in which a security interest is granted in the Borrower Documents except for fixtures and personal property described in Sections 9301(2), 9301(3)(A), 9301(3)(B), 9301(4), and 9303 through 9306 of the California UCC. Since Borrower is a registered limited partnership organized under the laws of the State of California, pursuant to California UCC §9307(e), Borrower is located in the State of California. Therefore the filing of the Financing Statement with the California Secretary of State will perfect Lender's security interest in Article 9 Collateral that can be perfected by such a filing, except for Fixtures and personal property described in California UCC Sections 9301(2), 9301(3)(A), 9301(3)(B), 9301(4), and 9303 through 9306.

10. The Deed of Trust is in sufficient form for recording in the Official Records of the Office of the County Recorder of the County of Santa Clara, State of California (the "*Recording Office*"). When the Deed of Trust is duly executed and delivered, the Deed of Trust will be sufficient to create a valid lien for the benefit of Lender, and following recordation and indexing of the Deed of Trust, sufficient to give constructive notice to third parties of the lien of the Deed of Trust, on that portion of the property described in the Deed of Trust that constitutes real property.

11. As of the Closing Date, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best of our knowledge, threatened against the Borrower, affecting the existence of the Borrower or the titles of its officers to their respective offices, or contesting or affecting as to the Borrower the validity or enforceability of the Act, the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of the Official Statement or the powers of the Borrower or its authority with respect to the Borrower Documents or the consummation of the transactions contemplated thereby; nor, to the best of our knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial condition or operations of the Borrower or the validity of the authorization, execution, delivery or performance by the Borrower of any Borrower Document.

12. Nothing has come to our attention that would lead us to believe that the statements and information with respect to the Borrower contained in the Official Statement under the captions “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “PLAN OF FINANCING” and “ABSENCE OF LITIGATION—The Borrower” contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Very truly yours,

EXHIBIT C

[Letterhead of General Counsel to Freddie Mac]

July __, 2010

Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17th Floor
Los Angeles, California 90017

City of San José, California
Finance Department
200 East Santa Clara Street, 13th Floor Tower
San José, California 95113

[RATING AGENCY]

RBC Capital Markets Corporation
345 California Street, Suite 2800
San Francisco, California 94104

\$8,080,000

City of San José, California
Multifamily Housing Revenue Bonds
(Orvieto Family Apartments)
Series 2010B-1

[After appropriate introductory language, the opinion shall state substantially as follows:]

Please note that Freddie Mac is currently operating under a conservatorship established by its regulator, the Federal Housing Finance Agency.

Based on the foregoing, I advise you that in my opinion:

(a) Freddie Mac is a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States of America and created pursuant to an Act of Congress on July 24, 1970 (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§1451-1459) (the “*Freddie Mac Act*”), with full power and authority to execute, deliver and perform the Credit Enhancement Agreement.

(b) The Credit Enhancement Agreement has been duly and validly authorized, executed and delivered by Freddie Mac and constitutes the legal, valid and binding obligation of Freddie Mac, and is enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation, readjustment of debt or other similar laws affecting the enforcement of creditors’ rights generally (as such laws would be applied to Freddie Mac, including, but not limited to, 12 U.S.C. §§4616-4618 and 4622-4623), and subject to the qualification that the remedies of specific performance, injunction and other forms of equitable relief may not be available because they are subject to certain tests of equity jurisdiction, equitable

defenses and the discretion of the court before which any proceeding therefor may be brought.

I assume no obligation to advise you of any changes in the foregoing subsequent to the date hereof. This opinion has been prepared solely for your benefit as the addressees. Without my prior written consent, this opinion may not be quoted in whole or in part or otherwise be referred to, or filed with or (except in connection with any Federal agency examination, audit by independent public accountants or review by agencies furnishing ratings on the Bonds) furnished to any governmental agency or other person or entity.

Please note that I am admitted to practice only in the Commonwealth of Virginia and express no opinion concerning the laws of any jurisdictions other than the laws of Virginia and the federal laws of the United States of America.

Very truly yours,

