

**BOND PURCHASE AGREEMENT**

**[\$2011A-1 PAR]  
City of San José  
Multifamily Housing Revenue Bonds  
(Taylor Oaks Apartments)  
Series 2011A-1**

**[\$2011A-2 PAR]  
City of San José  
Multifamily Housing Revenue Bonds  
(Taylor Oaks Apartments)  
Series 2011A-2**

September \_\_, 2011

City of San José  
200 East Santa Clara Street, 13<sup>th</sup> Floor Tower  
San José, California 95113  
Attention: Ms. Julia Cooper

Taylor Oaks Apartments Investors, L.P.  
c/o For the Future Housing, Inc.  
1660 Dell Avenue  
Campbell, California 95008  
Attention: \_\_\_\_\_

Ladies and Gentlemen:

Citigroup Global Markets Inc. (the “Underwriter”), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with the City of San José (the “Issuer”) and Taylor Oaks Apartments Investors, L.P., a limited partnership duly organized and existing under the laws of the State of California (the “Borrower”). This offer is made subject to the Issuer’s and the Borrower’s acceptance on or before 2:00 p.m., New York time, on the date hereof, and, if not so accepted, will thereafter be subject to withdrawal by the Underwriter upon written notice delivered to the Issuer and the Borrower at any time prior to the acceptance hereof by the Issuer and the Borrower. Upon the execution by all parties hereto, this Bond Purchase Agreement shall be deemed to be fully executed and effective as of 2:00 p.m., New York time, on the date hereof.

**Section 1. Introduction.** The Issuer is authorized to issue the above-captioned bonds (the “Bonds”) pursuant to the Act and a resolution adopted by the Issuer on \_\_\_\_\_, 2011 (the “Resolution”). The Bonds shall be as described in and shall be issued pursuant to a Trust Indenture, to be dated as of September 1, 2011 (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 expected to be issued on September \_\_, 2011 (as such date is subject to change as described in Section 2 hereof, the “Delivery Date”). The proceeds of the Bonds will be used by the Issuer to fund a mortgage loan (the “Bond Mortgage Loan”) to the Borrower pursuant to a Financing Agreement, to be dated as of the date of the Indenture (the “Financing Agreement”), among the Issuer, the Borrower and the Trustee, for the purpose of financing a multifamily rental housing development located in the City of San José, California, and known as the Taylor Oaks Apartments (the “Project”). The proceeds of the Bond Mortgage Loan will be used to acquire and rehabilitate the Project.

The Bond Mortgage Loan will be evidenced by a non-recourse Bond Mortgage Note, to be dated the Delivery Date (the “Bond Mortgage Note”) executed by the Borrower in favor of the Issuer and the Borrower’s obligations under the Bond Mortgage Note will be secured by a First Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the “Bond Mortgage”) executed by the Borrower and delivered to the Issuer with respect to the Project. The Issuer will assign certain of its rights under the Financing Agreement to the Trustee pursuant to the Indenture and certain of its rights under the Bond Mortgage Note and the Bond Mortgage to the Trustee and Federal Home Loan Mortgage Corporation (“Freddie Mac”), as the respective interests of the Trustee and Freddie Mac may appear, under and subject to the terms and conditions of the Intercreditor Agreement (defined below).

The Borrower will cause Freddie Mac to enter into a Credit Enhancement Agreement (the “Credit Enhancement Agreement”) with the Trustee. 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 (the “Reimbursement Agreement”). To secure the obligations of the Borrower to Freddie Mac under the 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 (the “Reimbursement Mortgage”) executed by the Borrower and delivered to Freddie Mac with respect to the Project.

To further secure Freddie Mac against any loss Freddie Mac may incur as a result of advancing funds under the Credit Enhancement Agreement, and to facilitate the financing of the Bond Mortgage Loan, during rehabilitation and lease-up of the Project, Citibank, N.A. (the “Construction Lender”), at the request of the Borrower, has agreed to (a) make a conventional construction loan to the Borrower (the “Construction Loan”) pursuant to the terms and subject to the conditions of a Construction Loan Agreement (the “Construction Loan Agreement”) with the Borrower, and (b) issue to Freddie Mac, in the future, a clean, unconditional, irrevocable and transferrable standby letter of credit pursuant to the terms and subject to the conditions of a Letter of Credit and Reimbursement Agreement (the “Construction Phase Credit Reimbursement Agreement” and, together with the Construction Loan Agreement, the “Credit Agreement”) with the Borrower. The Borrower’s obligations to the Construction Lender under the Credit Agreement will be secured under a Third Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the “Construction Mortgage”) executed by the Borrower and delivered to the Construction Lender with respect to the Project.

The Issuer, the Trustee, the Construction Lender and Freddie Mac will enter into an Intercreditor Agreement (the “Intercreditor Agreement”), in connection with Freddie Mac entering into the Credit Enhancement Agreement with the Trustee and the Construction Loan making the Construction Loan to the Borrower and subsequently issuing the Construction Phase Credit Facility to Freddie Mac.

**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 be dated the Delivery Date, shall bear interest at the rates and shall mature on the dates and in the amounts as provided in Schedule 1 hereto 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 \$\_\_\_\_\_ (the “Underwriting Fee”), from which the Underwriter will pay certain expenses including the fees and

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 at or prior to 10:00 a.m., Pacific time, on the Delivery Date, or at such other time not later than seven days thereafter as the Underwriter, the Borrower and the Issuer shall mutually agree. One Bond for each maturity will be delivered and registered in the name of Cede & Co. to the Trustee as agent for The Depository Trust Company on or prior to the Delivery Date. The Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute a “definitive” form.

### **Section 3. 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 prepared with respect to the Bonds (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 prepared with respect to the Bonds (together with any supplements thereto, the “Preliminary Official Statement”) and the Official Statement.

(b) The Issuer and the Borrower acknowledge that the Underwriter is required to comply with the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, (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 that the Borrower 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. The Borrower will sign a certificate to that effect.

(c) With its acceptance hereof, the Issuer will deliver, at the Borrower’s expense, to the Underwriter within seven business days of the date hereof (or within such shorter period (but not less than two Business Days) as may be reasonably requested by the Underwriter in order to accompany any confirmation that requests payment from any customer to comply with paragraph (b)(4) of the Rule and Rules G-32 and G-36 and all other applicable rules of the Municipal Securities Rulemaking Board), copies of the final Official Statement in an amount mutually agreed upon together with all supplements and amendments thereto with only such changes therein as shall have been accepted by the Underwriter, signed by the Issuer and the Borrower. The Borrower has authorized the execution and delivery of the Official Statement. The Issuer and the Borrower each hereby approves the use by the Underwriter of the Official Statement with respect to the Bonds in connection with the public sale of the Bonds by the Underwriter.

(d) The Borrower will supply sufficient quantities of the Official Statement to enable the Underwriter to (i) 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 a nationally recognized municipal securities information repository, 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 a nationally recognized municipal securities information repository. 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 a nationally recognized municipal securities information repository, 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 with respect to the remainder of the Official Statement 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 required by the foregoing provisions.

**Section 4. Bond Documents.** On or prior to the Delivery 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) Tax Regulatory Agreement (including the Freddie Mac Rider thereto);
- (d) Bond Mortgage Note;
- (e) Bonds;
- (f) this Agreement;
- (g) Reimbursement Agreement;
- (h) Credit Enhancement Agreement;
- (i) Bond Mortgage;
- (j) Reimbursement Mortgage;
- (k) Credit Agreement;
- (l) Construction Mortgage;

- (m) Intercreditor Agreement;
  - (n) Continuing Disclosure Agreement;
  - (o) Certificate as to Arbitrage executed by the Issuer and the Borrower on the Delivery Date;
  - (p) Certificate Regarding Use of Proceeds executed by the Borrower on the Delivery Date;
- and
- (q) Official Statement.

The documents in (a) through (q) above are collectively referred to herein as the “Bond Documents.” The Bond Documents to which the Issuer is a party are referred to herein as the “Issuer Documents.” The Bond Documents to which the Borrower is a party are referred to herein as the “Borrower Documents.” The Bond Documents to which the Trustee is a party are referred to herein as the “Trustee Documents.”

**Section 5. Representations, Warranties and Agreements of the Issuer.** The Issuer represents, warrants to, and covenants and agrees with, the Underwriter that:

(a) The Issuer is, and will be on the Delivery Date, a municipal corporation and charter city duly organized and validly existing under the Constitution of the State of California (the “State”) and the Charter of the Issuer, with full legal right, power and authority under the Act to issue, sell and deliver the Bonds pursuant to the Resolution and this Bond Purchase Agreement, to enter into the Issuer Documents, to adopt the Resolution and to carry out and perform its obligations under the Issuer Documents and the Resolution.

(b) The Resolution, adopted by the Issuer granting final approval of the execution and delivery of the Bonds and the Issuer Documents and the issuance and sale of the Bonds, has been duly adopted by the Issuer, has not been amended, modified or repealed and is in full force and effect on the date hereof.

(c) The Issuer is not in breach of or default under any applicable law or administrative regulation of the State of California or of the United States, or any applicable judgment or decree or any loan agreement, indenture, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, which would impair in any material respect the performance of its obligations under the Issuer Documents.

(d) The execution and delivery by the Issuer of the Bonds and the Issuer Documents, compliance by it with the provisions of each thereof and, to the best of its knowledge, the consummation by it of the transactions on its part contemplated thereby, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, which conflict, breach or default has or may have a material adverse effect on the Issuer’s ability to perform its obligations under such documents.

(e) To the best of its knowledge, all approvals, consents and orders of any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance by the Issuer of its obligations under the Bonds and the Issuer Documents have been obtained.

(f) 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) 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) 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 hereunder in connection with the issuance and delivery of the Bonds as contemplated by any other agreement or instrument to which the Issuer is a party.

(g) The Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Delivery Date will be valid and binding limited obligations of the Issuer payable solely from the revenues and other property pledged and assigned for such payment as provided in the Indenture.

(h) Any certificate signed by any authorized official of the Issuer and delivered to the Underwriter shall be deemed to be a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

(i) All meetings of the governing body of the Issuer at which action was taken in connection with the Issuer Documents and the Bonds were duly and legally called and held, open to the public at all times, and notice of the time and place of each such meeting was given as required by law.

(j) The Issuer shall not knowingly take or omit to take, as is appropriate, any action the taking or omission of which would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

(k) The Issuer shall, at the expense of the Borrower, furnish or cause to be furnished to the Underwriter, in such quantities as shall be requested by the Underwriter, copies of the Official Statement and all amendments and supplements thereto, in each case as soon as available.

(l) The Issuer shall furnish such information, execute such instruments and take such other action consistent with law as may be required, and shall otherwise cooperate with the Underwriter in taking all action necessary, to qualify the Bonds for offer and sale and to determine the eligibility for investment in the Bonds under the laws of such jurisdictions as the Underwriter designates and the continuation of such qualification in effect so long as required for distribution of the Bonds; provided, however, that the foregoing will not require the Issuer to consent to service of process in any foreign jurisdiction or to register as a broker-dealer or qualify as a foreign corporation in any foreign jurisdiction.

(m) The distribution of the Official Statement has been duly authorized by the Issuer, and to the best knowledge of the Issuer the information contained in the Official Statement under the captions "THE ISSUER" and "ABSENCE OF LITIGATION—The Issuer," at the time of the Issuer's acceptance hereof, and (unless the Official Statement is amended or supplemented pursuant to Section 3 hereof) at all times subsequent thereto, up to and including the Delivery Date, is true and correct in all material respects and such information does not contain any untrue or misleading statement of material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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 6. 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 the State, 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 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 Borrower has, and at the date of the Closing will have, full legal right, power and authority to enter into the Borrower Documents and to carry out and perform its obligations under the Borrower Documents, and the Borrower has duly authorized the consummation by it of all transactions contemplated hereby and by the Borrower Documents.

(c) The information in the Official Statement under the headings “THE PROJECT AND THE PRIVATE PARTICIPANTS,” “PLAN OF FINANCING” and “ABSENCE OF LITIGATION — The Borrower” is, on the date hereof, and will be, on the date thereof, true and correct and does not, on the date hereof, and will not, on the date thereof, 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. The Borrower shall have the opportunity to change any of the information under these headings prior to the date of the Official Statement so as to render this representation true and correct as of the date of the Official Statement.

(d) 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.

(e) On the Delivery 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.

(f) 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, 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

(g) 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 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.

(h) 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 the best knowledge of the Borrower, 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 or the tax status of the Bonds.

(i) 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 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.

(j) 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.

(k) The Borrower will not take or knowingly omit to take any action, which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) 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 7. Conditions to Obligations of the Underwriter.** The obligation of the Underwriter to purchase the Bonds on the Delivery Date, as well as 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 Delivery Date, as if made on the Delivery Date. The Issuer and the Borrower shall have performed all of their obligations hereunder, except as waived by the Underwriter, and the Issuer and the Borrower shall deliver a certificate 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 Delivery 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) As of the Delivery Date, 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 Delivery Date and addressed to the Underwriter in 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 (which change or development affects the Bonds), Freddie Mac or the Borrower have occurred between the date hereof and the Delivery Date.

(f) On or prior to the Delivery Date, all actions required to be taken as of the Delivery 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 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) As of the Delivery Date, each of the Bond Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be substantially in forms

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

(i) As of the Delivery Date, 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) As of the Delivery Date, the Underwriter shall have received the opinion of Kantor Taylor Nelson Boyd & Evatt PC, outside counsel to Freddie Mac, to the effect that the information in the Official Statement under the headings “SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT” and “SUMMARY OF CERTAIN PROVISIONS OF THE INTERCREDITOR AGREEMENT” to the extent that such information purports to summarize the Reimbursement Agreement and the Intercreditor Agreement, constitute fair and accurate summaries thereof in all material respects, and the form of Credit Enhancement Agreement appearing as Appendix B is an accurate representation of the Credit Enhancement Agreement delivered to the Trustee in connection with the issuance of the Bonds.

(k) As of the Delivery Date, the Underwriter shall have received the opinion of Freddie Mac’s in house counsel in substantially in the form and substance attached hereto as Exhibit C.

(l) As of the Delivery Date, 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.

(m) As of the Delivery Date, the Underwriter shall have received an opinion of its counsel in form set forth and substance satisfactory to the Underwriter.

(n) As of the Delivery Date, the Underwriter shall have received an opinion of counsel to the Issuer covering the points identified in Exhibit D hereto.

(o) The Underwriter shall have received written evidence that Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, has issued its rating of “AA+” with respect to the Bonds, and as of the Delivery Date, the rating shall not have been withdrawn or lowered.

(p) As of the Delivery Date, the Underwriter shall have received a certificate of the Borrower before such date 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 Delivery Date with the same effect as if made on the Delivery 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 Delivery Date;

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

(i) 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) 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) 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 hereunder in connection with the issuance and delivery of 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 Delivery 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 Delivery Date.

(r) As of the Delivery Date, 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 Delivery 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 8 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 Delivery 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 or the Department of the Treasury of the United States 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, 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 or the Internal Revenue Service, in each case referred to in clauses (i), (ii)

(b) Legislation shall have been enacted or a decision by a court of the United States shall be rendered or any action taken by the Securities and Exchange Issuer 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;

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

(g) There shall have occurred any outbreak or material escalation of hostilities or other calamity or crisis, the effect of which on the financial markets of the United States is such as to make it, in the reasonable opinion of the Underwriter, impractical to enforce commitments for the purchase of the Bonds.

## **Section 9. Indemnification by the Borrower; Contribution.**

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer and the Underwriter and each affiliate, member, officer, director, official, employee and agent 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 default, 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 reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense. 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 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 (other than in the event of default, gross negligence or willful misconduct of the Indemnified Party), the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party 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 (other than in the event of gross negligence or willful misconduct of the Indemnified Party) shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds. No person guilty of fraudulent

(e) The Indemnified Parties, not party hereto, 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 reasonable 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 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 and (g) 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. The Borrower shall pay for expenses incurred on behalf of the Issuer's employees which are incidental to implementing this Bond Purchase Agreement.

**Section 11. Notices.** Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by delivering the same in writing to the Issuer at its addresses set forth on the first page hereof with a copy to: City Attorney, 200 E. Santa Clara St., 16<sup>th</sup> Floor, San Jose, California 95113. Any notice or other communication to be given to the Borrower under this Bond Purchase Agreement may be given by delivering the same in writing to the Borrower at its addresses set forth on the first page hereof with a copy to the following three addresses (which copy shall not constitute notice to the Borrower) (i) Taylor Oaks Apartments Investors, L.P., c/o Pacific Housing Inc., 2115 J Street, Sacramento, California 95816, Attention: \_\_\_\_\_; (ii) Churchill Stateside Group, 1150 Cleveland Street, Suite 150, Clearwater, Florida 33755, Attention: \_\_\_\_\_; and (iii) Cox, Castle & Nicholson LLP, 555 California Street, 10th Floor, San Francisco, California 94104-1513, Attention: Steve Ryan. 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 Citigroup Global Markets Inc., 1801 California Street, Denver, Colorado 80202, Attention: Brian Dale.

**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, who are not parties hereto, 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 Delivery 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.

**Section 17. Underwriter Not Acting as Advisor or Fiduciary.** The Issuer and the Borrower each acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction among the Issuer, the Borrower, and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, advisor, or fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has advised or provided other services or is currently advising or providing other services to the Issuer or the Borrower on other matters) and the Underwriter has no obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement and (iv) the Issuer and the Borrower have consulted their own legal, financial and other advisors to the extent they deem appropriate.

**Section 18. Limitation of Liability of Issuer.** The Issuer shall not be directly, indirectly, contingently or otherwise liable under this Bond Purchase Agreement or any document or instrument referred to herein or by reason of or in connection with this Bond Purchase Agreement or other document or instrument except to the extent it receives amounts from the Borrower available for such purpose.

**Section 19. Compliance with Section 8855 of the California Government Code.** The Underwriter shall provide any information required for purposes of compliance with Section 8855 of the California Government Code.

[Remainder of Page Left Blank Intentionally]

[Underwriter's Signature Page to Bond Purchase Agreement]

**CITIGROUP GLOBAL MARKETS INC.**

By: \_\_\_\_\_  
Authorized Signatory

[Issuer's Signature Page to Bond Purchase Agreement]

**CITY OF SAN JOSE**

By: \_\_\_\_\_  
Leslye Krutko  
Director of Housing

By: \_\_\_\_\_  
Julia H. Cooper  
Assistant Director of Finance

Approved as to form:

\_\_\_\_\_  
Chief Deputy City Attorney

[Borrower's Signature Page to Bond Purchase Agreement]

**TAYLOR OAKS APARTMENTS INVESTORS, L.P.**  
a California limited partnership

By: FTF Taylor Oaks, LLC,  
a California limited liability company,  
its Co-General Partner

By: \_\_\_\_\_  
Robert Putnam,  
Managing Member

By: Pacific Housing, Inc.,  
a California nonprofit public benefit corporation,  
its Managing General Partner

By: \_\_\_\_\_  
Mark A. Wiese,  
President

**Schedule 1**

**MATURITIES, AMOUNTS, INTEREST RATES AND PRICES**



**EXHIBIT B**

[Letterhead of Counsel to the Borrower]

[Closing Date]

Wells Fargo Bank, National Association  
Los Angeles, California

Federal Home Loan Mortgage Corporation  
McLean, Virginia

City of San José  
San José, California

Citigroup Global Markets Inc.  
Denver, Colorado

                  \$[2011A-1 PAR]  
                  City of San José  
Multifamily Housing Revenue Bonds  
(Taylor Oaks Apartments)  
                  Series 2011A-1

                  \$[2011A-2 PAR]  
                  City of San José  
Multifamily Housing Revenue Bonds  
(Taylor Oaks Apartments)  
                  Series 2011A-2

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

1. The Borrower is duly formed and validly existing as a general partnership under the laws of the State and is qualified to do business and in good standing wherever such qualification and/or standing are required, including 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 general 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) to our knowledge, result in a violation of any constitutional or statutory provision or any material order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property or result in the creation of

any lien, charge or encumbrance upon the property or assets of the Borrower except as specifically contemplated by the Borrower Documents.

6. To the best of our knowledge after due and diligent inquiry, 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, 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, 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 date hereof, 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 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 Bond Mortgage and the Reimbursement Mortgage have been duly recorded in the Office of the Superior Court of \_\_\_\_\_ County. Pursuant to the \_\_\_\_\_, the Issuer enjoys the legal benefit of a legal, valid and enforceable lien on the real property described in the Bond Mortgage. The Financing Statements have been duly filed for record in the \_\_\_\_\_ and pursuant to such Financing Statements, the Issuer enjoys a perfected, valid, binding and enforceable security interest in the personal property described in such Financing Statements to the extent a security interest in such personal property can be perfected by filing Financing Statements in \_\_\_\_\_ under the Uniform Commercial Code adopted in the State of \_\_\_\_\_ (the "UCC"). The effectiveness of the Financing Statements will lapse upon the expiration of five years from the date of filing unless appropriate continuation statements are filed within 6 months prior to such lapse.

9. To the best of our knowledge after due and diligent inquiry, 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 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.

10. Based solely on the results of a search of the records of the \_\_\_\_\_, as of the time of filing of the Financing Statements, there were no valid UCC financing statements on file which perfected a lien on any of the collateral covered by the Financing Statements, which would remain unsatisfied of record.

11. 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 Freddie Mac]

[Closing Date]

Wells Fargo Bank, National Association  
Los Angeles, California

Standard & Poor's  
San Francisco, California

City of San José  
San José, California

Citigroup Global Markets Inc.  
Denver, Colorado

  \$[2011A-1 PAR]  
  City of San José  
Multifamily Housing Revenue Bonds  
(Taylor Oaks Apartments)  
Series 2011A-1

  \$[2011A-2 PAR]  
  City of San José  
Multifamily Housing Revenue Bonds  
(Taylor Oaks Apartments)  
Series 2011A-2

[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 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.

Very truly yours,

**EXHIBIT D**

[Letterhead of Counsel to the Issuer]

[Closing Date]

City of San José  
San José, California

Wells Fargo Bank, National Association  
Los Angeles, California

Federal Home Loan Mortgage Corporation  
McLean, Virginia

Citigroup Global Markets Inc.  
Denver, Colorado

                  \$[2011A-1 PAR]  
                  City of San José  
Multifamily Housing Revenue Bonds  
(Taylor Oaks Apartments)  
                  Series 2011A-1

                  \$[2011A-2 PAR]  
                  City of San José  
Multifamily Housing Revenue Bonds  
(Taylor Oaks Apartments)  
                  Series 2011A-2

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

Under existing law and based upon the foregoing, I am of the opinion that:

(1) The Issuer is a duly constituted charter city organized and existing under and by virtue of the laws of the State of California.

(2) The Resolution has been duly adopted by the City Council of the Issuer and the Resolution is in full force and effect.

(3) The Issuer Documents have been duly authorized executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

(4) There is no litigation to our knowledge pending or threatened in any court of competent jurisdiction, state or federal, in any way (a) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, or (b) questioning or affecting the validity of any of the proceedings relating to the authorization, sale, execution, issuance or delivery of the Bonds, or (c) questioning or affecting the Issuer Documents, or (d) affecting the organization or existence of the Issuer or the title to office of the officers thereof.

Very truly yours,