

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (CEFA)

(Information Item)

Standard Provisions for Certain Bond Documents

December 6, 2012

CHFFA and CEFA (together, the “Authorities”) formed a working group to develop standard provisions for its tax-exempt investment grade rated transactions for use by the public finance community. The working group included representatives from the following: 1) staff from both Authorities, 2) counsel frequently serving as bond counsel to the Authorities, 3) staff counsel from the State Treasurer’s Office, 4) several lawyers from the Attorney General’s Office, 5) the Authorities’ financial advisor, Public Financial Management, Inc. and, (6) staff from the State Treasurer’s Office Public Finance Division (“PFD”).

The intention behind the formation of the group was to further the respective agendas of both Authorities to streamline and improve business operations. Presently, when borrowers submit applications for financing, the borrower’s financing team generates and routes proposed bond documents for review by members of the entire financing team, including the Authorities and their counsel. Documents may be derived from former Authority transactions or they may be generated anew which invariably involves a lot of back and forth between all parties to settle on appropriate language and to ensure all essential provisions are contained within the documents with each transaction. Authority staff finds itself having repeated conversations about repeated issues amongst attorneys, underwriters, financial advisors and the State Treasurer’s PFD. With these repeated conversations, a good bit of time is spent researching previous transactions to ensure consistency in approach. Even though there may be solid memorialized history, staff continues to spend time bringing all of the other parties and their counsel up to speed with considerable time spent providing rationales so a clear understanding prevails.

It is in this environment that the Authorities are now poised to post the below template bond documents which contain all of the essential provisions for its tax exempt investment grade rated transactions. The role of both bond and issuer’s counsel, in part, will be to ensure these provisions are incorporated into the final bond documents. These documents accommodate necessary tailoring for the unique facts and terms pertinent to each transaction, but the provisions to be posted on the respective websites will inform all users of the Authorities expectations regarding substantive content. The Authorities will of course nevertheless remain open to modifications suggested by borrowers, but with these templates, the Authorities aim to extract value from uniformity and predictability.

These documents are attached for your review and will be available on the Authorities' websites for all future bond transactions.

- Authority Resolution
- TEFRA Notice
- Treasurer's Certificate
- Loan Agreement
- Indenture
- Form of Bond
- Bond Purchase Contract
- Letter of Representation
- Official Statement
- Closing Certificate of the Authority
- 15c2-12
- Tax Certificate and Agreement Provisions

**CALIFORNIA EDUCATIONAL
FACILITIES AUTHORITY**

MODEL DOCUMENT PROVISIONS

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RESOLUTION

RESOLUTION NO. ____

**RESOLUTION OF THE CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS
TO FINANCE AND/OR REFINANCE PROJECTS
AT THE EDUCATIONAL FACILITIES
OF _____**

WHEREAS, the California Educational Facilities Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Educational Facilities Authority Act (the “Act”) to issue revenue bonds and to loan the proceeds thereof to a participating private college or a participating nonprofit entity (both as defined in the Act) for the acquisition or construction of projects (as defined in the Act), to refund existing bonds, mortgages, or advances or other obligations incurred, given, or made by a participating private college for the acquisition or construction of any projects, to loan the proceeds thereof to a participating private college for the purpose of refinancing projects not originally funded pursuant to the Act (including repayment of costs, as defined in the Act), and to refund existing bonds or notes of the Authority;

WHEREAS, _____ (the “Borrower”) is a nonprofit [public benefit/religious] corporation duly organized and existing under the laws of the State of California;

[WHEREAS, the Authority/[name of issuer] has previously issued its Revenue Bonds (_____), Series ____ (the “Prior Bonds”), in the aggregate principal amount of \$_____, of which \$_____ currently is outstanding, and [made a loan (the “Prior Loan”) of the proceeds thereof to the Borrower to finance or refinance the acquisition or construction of projects, as more particularly described under the caption “Prior Project” in Exhibit A hereto (the “Prior Project”)]/[and made a loan (the “Prior Loan”) of the proceeds thereof to the Borrower for the purposes of financing or refinancing certain projects, as more particularly described under the caption “Prior Project” in Exhibit A hereto (the “Prior Project”), not originally funded pursuant to the Act (including repayment of related costs, as defined in the Act)]; and]

WHEREAS, the Borrower has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed \$_____, and [(i) to refund all or a portion of the outstanding Prior Bonds, (ii) to make one or more loans of the proceeds of the Bonds (as defined below) to the Borrower (a) to refinance the Prior Loan and (b) to acquire and construct projects (as defined in the Act), as more particularly described under the caption “New Project” in Exhibit A hereto (the [“New Project” and, together with the Prior Project, the] “Project”), (iii) pay costs of issuance of the Bonds, and (iv) at the sole option of the Borrower, provide a bond reserve fund for the Bonds;

WHEREAS, to the extent required by subdivision (b) of Section 94212 of the Education Code, the Borrower has provided documentation to the Authority demonstrating, to the extent

applicable, that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code or is not a “project” under such division; and

WHEREAS, approval of the terms of issuance and sale of such revenue bonds and various related matters is now sought.

NOW, THEREFORE, BE IT RESOLVED by the California Educational Facilities Authority as follows:

SECTION 1. Pursuant to the Act, revenue bonds of the Authority designated as the “California Educational Facilities Authority Revenue Bonds (_____), Series _____” (the “Bonds”),¹ in a total aggregate principal amount not to exceed \$_____, are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in [any of] the indenture[s] pursuant to which the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the fourth recital above.

SECTION 2. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to enter into agreements to sell the Bonds in one or more series, on one or more sale dates at any time within one year of the date of adoption of this Resolution, at public or private sale, in such aggregate principal amount (not to exceed the aggregate principal amount set forth in Section 1) and in such series, at such prices, at such interest rate or rates, with such maturity date or dates and upon such other terms and conditions as the Treasurer, with the advice and consent of the Borrower, may determine. The Bonds, at issuance, shall be rated at investment grade by an active nationally recognized rating agency. The Bonds or any series of them may, at the sole option of the Borrower, be secured or supported by one or more of the following: deed of trust, bond reserve fund, bond insurance, other credit and/or liquidity facility and/or another security arrangement.

SECTION 3. The following documents:²

(i) the Loan Agreement [one or more Loan Agreements] relating to the Bonds (the “Loan Agreement[s]”), between the Authority and the Borrower;

(ii) the Indenture [one or more Indentures] relating to the Bonds (the “Indenture[s]”), between the Authority and_____, [if not named, list of four candidates] (the “Trustee”);

(iii) the Bond Purchase Contract [one or more Bond Purchase Contracts], including the appendices thereto, relating to the Bonds (the “Bond Purchase Contract[s]”), among _____[, as

¹ If issuing fixed rate and variable rate series, (a) the “California Educational Facilities Authority Revenue Bonds (_____), Series _____” (the “Fixed Rate Bonds”) and (b) the “California Educational Facilities Authority Revenue Bonds (_____), Series _____” (the “Variable Rate Bonds” and, together with the Fixed Rate Bonds, the “Bonds”).

² If issuing fixed rate and variable rate series, a form for each structure must be submitted for approval.

representative of _____, _____ and _____] (the “Underwriter[s]”), the Treasurer and the Authority, and approved by the Borrower; and

(iv) the preliminary official statement [one or more preliminary official statements] relating to the Bonds (the “Preliminary Official Statement[s]”)

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a bond reserve fund, bond insurance, any other credit and/or liquidity facility and/or another security arrangement, at the sole option of the Borrower, for any series of Bonds) as the officer(s) executing the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreement[s], the Indenture[s] and the Bond Purchase Contract[s] and by delivery thereof in the case of the Preliminary Official Statement[s]. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

SECTION 4. The dated dates, maturity dates (not exceeding 50 years from the respective date of issue), interest rates, [manner of determining interest rates,] interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of purchase or tender, terms of redemption, provisions governing transfer and other terms of the Bonds, [including provisions for credit and/or liquidity facilities, if any, from time to time,] shall be as provided in the/each Indenture, as finally executed.

SECTION 5. The Underwriter[s] is [are] hereby authorized to distribute the Preliminary Official Statement for each issue of the Bonds to persons who may be interested in the purchase of such Bonds offered in such issuance, it being understood that, at the discretion of the Underwriter[s] (in consultation with the Borrower), a preliminary official statement may not be used with respect to any series of Bonds. The Underwriter[s] is [are] hereby directed to deliver a final official statement for each issue of the Bonds ([if more than one, collectively,] the “Official Statement[s]”) to all actual purchasers of such Bonds.

SECTION 6. The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Underwriter[s] thereof in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Said instructions shall provide for the delivery of the Bonds to or upon direction of the respective Underwriter, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

SECTION 7. Each officer of the Authority is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Bond Indenture[s], Loan Agreement[s], Bond Purchase Contract[s] and Official Statement[s]. The Authority hereby

approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) a tax certificate and agreement and other certifications; and (b) any agreement or commitment letter with respect to the provision of bond insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility for the Bonds.

SECTION 8. The provisions of the Authority's Resolution No. _____ apply to the documents and actions approved in this Resolution.

SECTION 9. The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

SECTION 10. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: _____.

EXHIBIT A

Prior Project:

[Describe each component of the Prior Project that was financed. Such description should include the name and/or location of the campus where bond proceeds were spent and a brief description of the project that was undertaken (e.g., acquisition, construction, renovation, equipment, furnishing, etc.).]

New Project:

[Describe each component of the Project to be financed. Such description generally should follow the description set forth in the application and TEFRA notice that describe the facilities to be acquired or constructed.]

TEFRA NOTICE

NOTICE OF PUBLIC HEARING

Notice is hereby given that on [date], a public hearing as required by Section 147(f) of the Internal Revenue Code (the "Code") will be held by the California Educational Facilities Authority (the "Authority") with respect to the proposed issuance by the Authority of its revenue bonds in one or more series in an amount not to exceed \$[PAR] (the "Bonds"). The proceeds of the Bonds will be used by [name of borrower] (the "Borrower") to [finance or refinance the cost of acquisition or construction of projects located at or on the campus located generally at [addresses of educational facilities][, and] (ii) pay costs in connection with the issuance of the Bonds, [and (iii) [fund a reserve fund for the Bonds/[other]]. The facilities listed above are [or will be] owned [or leased] and operated by the Borrower, a California nonprofit [public benefit/religious] corporation and an organization described in Section 501(c)(3) of the Code.

The hearing will commence at [time], or as soon thereafter as the matter can be heard, and will be held in Suite 590, 915 Capitol Mall, Sacramento, CA. Interested persons wishing to express their views on the issuance of the Bonds or on the nature and location of the facilities proposed to be financed or refinanced may attend the public hearing in person or by phone _____ (participation code _____) or TDD (916) 654-9922 or, prior to the time of the hearing, submit written comments to [Executive Director's Name], Executive Director, California Educational Facilities Authority, 915 Capitol Mall, Suite 590, Sacramento, CA 95814. The Authority may limit the time available for persons attending the public hearing to provide comments while assuring such persons a reasonable opportunity to be heard.

Dated: _____.

TREASURER'S CERTIFICATE

**CERTIFICATE OF [TREASURER'S NAME],
TREASURER OF THE STATE OF CALIFORNIA
APPROVING ISSUANCE OF BONDS FOR [name of borrower]**

The undersigned, [Treasurer's Name], Treasurer of the State of California, hereby certifies as follows:

1. I am the Treasurer of the State of California, elected directly by the people of the State.
2. Pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), I have been designated pursuant to state law as an "applicable elected representative" of the State of California authorized to approve the issuance of qualified 501(c)(3) bonds by the California Educational Facilities Authority (the "Authority").
3. The Authority has undertaken the issuance of not to exceed \$[PAR] aggregate principal amount of its revenue bonds designated as one or more series of [name of bonds] (the "Bonds"), which will be issued to [(i) finance or refinance the acquisition or construction of projects at certain educational facilities of the Borrower (the "Project")] [description of Project should track language in TEFRA Notice] /and] (ii) pay costs in connection with the issuance of the Bonds, [and (iii) [fund a reserve fund for the Bonds/[other]]. The Authority caused to be published on [date of publication] in *The Sacramento Bee* a notice of a hearing concerning the issuance of the Bonds. A copy of the affidavit of publication is attached hereto as Exhibit A.
4. On [date of public hearing], [Executive Director's Name] held or caused to be held a public hearing at which interested persons were given an opportunity to express their views for or against the issuance of the Bonds and on the nature and location of the Project.
5. A summary of the hearing and other information concerning the Project and the Bonds have been made available to me.
6. Pursuant to Section 147(f) of the Code, I hereby approve the issuance of not to exceed \$[PAR] aggregate principal amount of the Bonds by the Authority.

Executed this ____ day of [date].

[TREASURER'S NAME]
Treasurer of the State of California

LOAN AGREEMENT

Recitals:

WHEREAS, the Authority is a public instrumentality of the State of California, created by the California Educational Facilities Authority Act (constituting Chapter 2 (commencing with Section 94100) of Part 59 of Division 10 of Title 3 of the Education Code of the State of California) (the "Act"), authorized to issue revenue bonds and to loan the proceeds thereof to a participating private college or a participating nonprofit entity (both as defined in the Act) for the acquisition or construction of projects (as defined in the Act), to refund existing bonds, mortgages, or advances or other obligations incurred, given, or made by a participating private college for the acquisition or construction of any projects, to loan the proceeds thereof to a participating private college for the purpose of refinancing projects not originally funded pursuant to the Act (including repayment of costs, as defined in the Act), and to refund existing bonds or notes of the Authority;

WHEREAS, _____ (the "Borrower") is a nonprofit [public benefit/religious] corporation duly organized and existing under the laws of the State of California;

[WHEREAS, the Authority/[name of issuer] has previously issued its Revenue Bonds (_____), Series ____ (the "Prior Bonds"), in the aggregate principal amount of \$_____, of which \$_____ currently is outstanding, and [made a loan (the "Prior Loan") of the proceeds thereof to the Borrower to finance or refinance the acquisition or construction of projects, as more particularly described under the caption "Prior Project" in EXHIBIT A hereto (the "Prior Project")] / [and made a loan (the "Prior Loan") of the proceeds thereof to the Borrower for the purposes of financing or refinancing certain projects, as more particularly described under the caption "Prior Project" in Exhibit A hereto (the "Prior Project"), not originally funded pursuant to the Act];]

WHEREAS, the Borrower has requested that the Authority issue its revenue bonds in an aggregate principal amount of \$_____ [(i) to refund all or a portion of the outstanding Prior Bonds, (ii) to make a loan of the proceeds of the Bonds (as defined below) to the Borrower (a) to refinance the Prior Loan and (b) to acquire and construct projects (as defined in the Act), as more particularly described under the caption "New Project" in Exhibit A hereto (the ["New Project" and, together with the Prior Project, the] "Project"), (iii) to pay costs of issuance of the Bonds, and (iv) to provide a bond reserve fund for the Bonds];

WHEREAS, the Authority has authorized the issuance of the Authority's Revenue Bonds (_____), Series ____ (the "Bonds"), in an aggregate principal amount of \$_____ and the loan of the proceeds thereof to the Borrower for the purposes set forth in the above recital;

WHEREAS, the Bonds are to be issued pursuant to an indenture, dated as of _____, ____ (the "Indenture"), between the Authority and _____, as trustee (the "Trustee");

[WHEREAS, describe credit and/or liquidity enhancement, if applicable;]

WHEREAS, the Authority and the Borrower each have duly authorized the execution and delivery of this Loan Agreement, to specify the terms and conditions of the loan from the Authority to the Borrower of the proceeds of the Bonds and to require and confirm the obligation of the Borrower to make payments at such times and in such manner as may be necessary to provide for full payment of the principal [and purchase price] of and interest and premium on the Bonds and certain related costs and expenses, as such becomes due, and for certain other purposes specified herein;

Definitions:

The definition of “Borrower” must include successors and assigns.

Borrower Representations:

The Borrower makes the following representations and warranties to the Authority that, as of the date of the execution of this Loan Agreement:

(a) The Borrower is a nonprofit [public benefit/religious corporation duly incorporated and in good standing under the laws of the State, has the requisite corporate [organizational] right, power and authority to enter into this Agreement, [list of other Borrower agreements – must include Tax Agreement and Continuing Disclosure Agreement] and to carry out and consummate all transactions contemplated of the Borrower hereby and thereby, and by proper corporate [organizational] action has duly authorized the execution and delivery of this Agreement, [list of other Borrower agreements – must include Tax Agreement and Continuing Disclosure Agreement].

(b) The officer[s] of the Borrower executing this Agreement, [list of other Borrower documents] are duly and properly in office and fully authorized to execute the same.

(c) The Borrower has duly executed and delivered each of this Agreement, [list of other Borrower documents – must include Tax Agreement and Continuing Disclosure Agreement].

(d) Each of this Agreement, [list of other Borrower agreements – must include Tax Agreement and Continuing Disclosure Agreement] constitutes the legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, except, in each case, as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, by the application of equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law, and by the exercise of judicial discretion in appropriate cases.

(e) The execution and delivery of this Agreement, [list of other Borrower agreements – must include Tax Agreement and Continuing Disclosure Agreement] and the consummation of the transactions herein and therein contemplated [and the fulfillment of or compliance with the terms and conditions thereof] will not (1) conflict with or constitute a breach or violation of or default (with due notice or passage of time or both) under the articles of incorporation or the bylaws of the Borrower, any applicable law or administrative rule or regulation or any applicable

court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, bond, debenture, note or other evidence of indebtedness or any contract, agreement, lease or other instrument to which the Borrower is a party or to which or by which the Borrower or any of the Borrower's property is bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, breach, violation, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, [list of other Borrower agreements], or the financial condition, assets, properties or operations of the Borrower.

(f) No consent or approval of any trustee or holder of any indebtedness of the Borrower or any guarantor of indebtedness of or other provider of credit or liquidity of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of this Agreement, [list of other Borrower agreements – must include Tax Agreement and Continuing Disclosure Agreement] or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect and except as may be required to acquire, construct and/or complete the Project and which are expected to be obtained in the ordinary course.

(g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending or, to the knowledge of the Borrower, after reasonable investigation, threatened against or affecting the Borrower or the assets, properties or operations of the Borrower:

- (1) seeking to restrain or enjoin the issuance and delivery of any Bonds or the collection of Revenues pledged under the Indenture;
- (2) in any way contesting or affecting the validity of the Bonds, the Indenture, this Agreement, [list of other Borrower agreements];
- (3) in any way contesting the corporate existence or powers of the Borrower necessary to consummate the transactions contemplated by this Agreement, [list of other Borrower agreements];
- (4) contesting or affecting the Borrower's status as an organization described in Section 501(c)(3) of the Code or which would subject any income of the Borrower to federal income taxation to such extent as would result in loss of the exclusion from gross income for federal income tax purposes of interest on any of the Bonds under Section 103 of the Code;
- (5) which (except as disclosed in the Official Statement), if determined adversely to the Borrower, would materially adversely affect the ability of the Borrower to perform its obligations under this Agreement, [list of other Borrower agreements].

(h) The Borrower is an organization described in Section 501(c)(3) of the Code, and is exempt from federal income tax under Section 501(a) of the Code, except for any unrelated

business taxable income of the Borrower under Section 511 of the Code, which income is not expected to result from the consummation of any transaction contemplated by this Agreement. The Borrower is not a private foundation within the meaning of Section 509(a) of the Code. The facts and circumstances which formed the basis of the Borrower's status as an organization described in Section 501(c)(3) of the Code as represented to the Internal Revenue Service continue substantially to exist.

(i) No facility financed or refinanced by any portion of the proceeds of the Bonds is or currently is expected to be used by any person which is not an "exempt person" within the meaning of the Code and the regulations proposed and promulgated thereunder, or by a governmental unit or a 501(c)(3) organization (including the Borrower) in an "unrelated trade or business" within the meaning of Section 513(a) of the Code and the regulations proposed and promulgated thereunder, in such manner or to such extent as would result in loss of exclusion from gross income for federal tax purposes of interest on any of the Bonds under Section 103 of the Code.

(j) The audited [consolidated] balance sheet of the Borrower, as of _____, _____, and the [consolidated] statements of activities and cash flows for the year then ended (copies of which have been furnished to the Authority) present fairly, in all material respects, the financial position of the Borrower as of _____, _____ and the changes in such activities and financial position for the year then ended in accordance with generally accepted accounting principles, and since _____, _____, there has been no material adverse change in the assets, operations or financial condition of the Borrower, except as disclosed in the Official Statement.

(k) All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof, which reserves, if any, are reflected in the financial statements described herein.

(l) [The Borrower does not maintain a defined benefit plan that is subject to ERISA funding requirements.] / Each ERISA Plan of the Borrower is in compliance in all material respects with the applicable provisions of ERISA and the Code. To the best knowledge of the Borrower, no ERISA Plan has engaged in, and compliance by the Borrower with the provisions of this Agreement will not involve, any non-exempt prohibited transaction that would subject the Borrower to a material tax or penalty on prohibited transactions. No ERISA Plan that is subject to Part 3 of Subtitle B of Title I of ERISA or Section 412 of the Code has had an accumulated funding deficiency, whether or not waived as of the last day of the most recent plan year of such ERISA Plan ended prior to the date hereof. No liability to the Pension Benefit Guaranty Corporation has been, or is expected by the Borrower to be, incurred by the Borrower with respect to any ERISA Plan subject to Title IV of ERISA, other than for premium payments. There has been no material Reportable Event with respect to any ERISA Plan subject to Section 4043 of ERISA since the effective date of said Section 4043 for which the Borrower could have any liability, and since such date no event or condition has occurred that presents a material risk of termination of any such ERISA Plan by the Pension Benefit Guaranty Corporation. As of the most recent valuation date, the present value of all vested accrued benefits under each ERISA

Plan subject to Title IV of ERISA as determined by each ERISA Plan's enrolled actuary within the meaning of Section 103 of ERISA under actuarial assumptions used in connection with the actuarial valuation of each such ERISA Plan did not exceed the value of such ERISA Plan's assets (less all liabilities other than those attributable to accrued benefits), as determined by each such enrolled actuary, allocable to such vested accrued benefits by more than \$1,000,000. Neither the Borrower nor any Common Control Entity has incurred any withdrawal liability in connection with a Multiemployer Plan. As used in this paragraph (l), the terms "Common Control Entity" and "Multiemployer Plan" shall have the respective meanings ascribed thereto in Section ____ of this Agreement [x-reference to appropriate section in "Covenants"]].

(m) No representation made, nor any written information, exhibit or report furnished to the Authority by the Borrower in connection with the negotiation of this Agreement, the Indenture, [list other Borrower agreements – must include Tax Agreement] contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. There is no fact that the Borrower has not disclosed to the Authority in writing that materially and adversely affects or in the future may (so far as the Borrower can now reasonably foresee) materially and adversely affect the properties, business, assets or operations (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Agreement or any documents or transactions contemplated hereby.

(n) The Borrower has good and marketable title to its Facilities/to its ownership in the leasehold of the Facilities, free and clear from all encumbrances [other than Permitted Encumbrances].

(o) The Borrower is in compliance in all material respects with all applicable Environmental Laws.

(p) Neither the Borrower nor its facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation or condition regulated by Environmental Laws or to respond to a release of any Hazardous Materials into the environment.

(q) The Borrower does not have any material contingent liability in connection with any release of any Hazardous Materials into the environment.

(r) Except for such Hazardous Materials, toxic substances or wastes as occur, are handled and are disposed of in the ordinary course of business of the Borrower, no Hazardous Materials, toxic substances or wastes are located at, or have been removed from, the Borrower's properties.

(s) The Borrower is a "participating private college"/"participating nonprofit entity" as defined in the Act. The Borrower does not restrict the admission of a student based on his or her race or ethnicity, and the financing of the Project/Prior Project from Bond proceeds does not violate Section 5 of Article XVI of the California Constitution or the establishment clause of the First Amendment to the United States Constitution. The Borrower offers a broad curriculum in secular subjects. The information and coursework used to teach secular subjects is neutral with

respect to religion and neither promotes nor opposes any particular religion or religion in general. The academic content of classes in secular subjects is typical of that provided in non-religious institutions for higher education. The Borrower is an institution for higher education other than a public college, situated within the state and that, by virtue of law or charter, is a nonprofit private or independent degree-granting educational institution that is regionally accredited and empowered to provide a program of education beyond the high school level. Except as has been disclosed by the Borrower to the Authority in writing, that accrediting body has not issued a warning, imposed a sanction, a show cause order or placed the Borrower on probation in the past ten years.

(t) The Project constitutes a “project” as that term is defined in the Act. No portion of the Project/Prior Project includes any facility, place or building used or to be used for sectarian instruction or as a place for religious worship or for any class that includes as part of the instruction information or coursework that promotes or opposes a particular religion or religious beliefs, or any facility, place or building used or to be used primarily in connection with any part of the programs of a school or department of theology or divinity, in each case through the useful life of the facility, place or building.

(u) The Borrower is and shall be responsible for the direct operation and maintenance costs of the Project and, in addition, is and shall be responsible for the overall supervision of the Project, for the overhead and general administrative costs of the Borrower which are incurred because of the Project and for the integration of the Project operation into the Borrower's educational program.

(v) The Borrower represents that the portion of the proceeds of the Bonds allocable to the cost of financing of the Project does not exceed the total cost allocable to the cost of financing thereof.

Additional Payments:

In addition to Loan Repayments, the Borrower shall also pay to the Authority or the Trustee [other parties if applicable for variable rate bonds], as the case may be, “Additional Payments,” as provided in this Section. Such Additional Payments may be discharged in whole or in part by payment actually received from amounts in the [Costs of Issuance Fund] or may be billed to the Borrower by the Authority or the Trustee from time to time, together with a statement certifying the amount billed has been incurred or paid for one or more of the below items. After such a demand, amounts so billed shall be paid by the Borrower within 30 days after receipt of the bill by the Borrower. The obligations of the Borrower under this Section shall survive the resignation and removal of the Trustee, payment of the Bonds and discharge of the Indenture.

The Additional Payments to the Authority are:

(a) All taxes and assessments of any type or character charged to the Authority affecting the amount available to the Authority from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character

having power to levy taxes or assessments); provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority and the Borrower has provided the Authority with security and indemnification reasonably deemed adequate by the Authority in respect of such affected rights or interests;

(b) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority to prepare audits, financial statements, reports, opinions or provide such other services required under this Agreement or the Indenture;

(c) The annual fee of the Authority, any and all fees and expenses incurred primarily in connection with the authorization, issuance, sale and delivery of any Bonds and the reasonable fees and expenses of the Authority or any agency of the State selected by the Authority to act on its behalf in connection with this Agreement, the Bonds or the Indenture, including, without limitation, in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Agreement, the Bonds or the Indenture or any of the other documents contemplated thereby, or by the Attorney General of the State or such other counsel as the Authority may select in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration (both before and after the execution of this Agreement) of this Agreement or the Indenture;

(d) All amounts payable to the Authority under Section [Indemnity Section]; and

(e) All other reasonable and necessary fees and expenses attributable to the Bonds, this Agreement, or related documents, including without limitation all payments required pursuant to the Tax Agreement.

The Additional Payments to the Trustee are:

(a) All taxes and assessments of any type or character charged to the Trustee affecting the amount available to the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments); provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Trustee and the Borrower has provided the Trustee with security and indemnification reasonably deemed adequate by the Trustee in respect of such affected rights or interests;

(b) All reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Agreement or the Indenture;

(c) All amounts payable to the Trustee under Section [Indemnity Section]; and

(d) All other reasonable and necessary fees and expenses attributable to the Bonds, this Agreement, or related documents, including without limitation all payments required pursuant to the Tax Agreement.

Covenants and Agreements:

Admissions and Facility Restrictions

The Borrower covenants and agrees that it will not restrict the admission of a student based on his or her race or ethnicity and that it will not include in any portion of the Project/Prior Project any facility, place or building used or to be used for sectarian instruction or as a place for religious worship or for any class that includes as part of the instruction information or coursework that promotes or opposes a particular religion or religious beliefs, or any facility, place or building used or to be used primarily in connection with any part of the programs of a school or department of theology or divinity, in each case through the useful life of the facility, place or building. The Authority and its designees shall have the right, but shall not be obligated, to inspect the Borrower's educational facilities at all reasonable times for the purpose of verifying the foregoing and due compliance by the Borrower with its annual certificate of compliance delivered as required by this Agreement and with the Constitutions of the United States and of the State. This covenant shall survive the payment in full or defeasance of the Bonds.

Prohibited Uses

No portion of the Project/Prior Project will be used (i) by any person that is not an organization described in Section 501(c)(3) of the Code or by a 501(c)(3) organization, including the Borrower, in an "unrelated trade or business" (as such term is defined in Section 513 of the Code), in such manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code.

Indenture

The Borrower hereby agrees to all of the terms and provisions of the Indenture and accepts each of its obligations thereunder. Without limiting the foregoing, the Authority may assign its rights under this Loan Agreement as set forth in the Indenture. The Borrower hereby approves the initial appointment under the Indenture of the Trustee[and agrees to appoint and maintain at all times while the Bonds bear interest at a variable rate, a Remarketing Agent and a Tender Agent for the Bonds].

Continuing Disclosure

Bond Counsel must confirm that Authority has no obligations with respect to continuing disclosure.

Nonliability of Authority

(a) The Authority shall not be obligated to pay the principal [or purchase price] of, and premium, if any, and interest on the Bonds, except from Revenues and other assets pledged under the Bond Indenture. Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof is pledged to the payment of the principal [or purchase price] of, premium, if any, or interest on the Bonds. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind or any conceivable theory, under or by reason of or in connection with this Agreement, the Bonds or the Indenture, except only to the extent amounts are received for payment thereof from the Borrower under this Agreement.

(b) The Borrower hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower hereunder and other Revenues, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal [or purchase price] of, and premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal [or purchase price], premium or interest including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party.

Indemnification

(a) The Borrower, to the fullest extent permitted by law, shall indemnify, hold harmless the Authority, the State Treasurer and their members, officers, employees and agents (each an "Authority Indemnified Party") [and the Trustee and its officers, directors, employees and agents (each, a "Trustee Indemnified Party" and, together with each Authority Indemnified Party, an "Indemnified Party")] from and against any and all Indemnifiable Losses arising out of, resulting from or in any way connected with:

(1) the Facilities, including the Project to be financed [or refinanced], or the conditions, occupancy, use, possession, conduct or management of, work done in or about, or from the planning, design, acquisition, installation or construction, of the Facilities or any part thereof, including, without limitation, Indemnifiable Losses resulting from or in any way relating to any generation, processing, handling, transportation, storage, treatment or disposal of solid wastes, Hazardous Materials or any other Hazardous Material Activity relating to the Facilities including, but not limited to, any of those activities occurring, to occur or having previously occurred on the Facilities

and any Releases on, under or from the Facilities to the extent occurring or existing prior to the execution and delivery of this Loan Agreement;

(2) the issuance, sale or remarketing of the Bonds or the carrying out of any of the transactions or undertakings contemplated by the Indenture, the Bonds, this Loan Agreement, [list of other Borrower agreements – must include Tax Agreement and Continuing Disclosure Agreement] or any document delivered by the Borrower pursuant to, or in connection with, any of the foregoing;

(3) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of any material fact in any official statement, offering statement, offering circular or continuing disclosure document for the Bonds or any statement made in connection with the purchase or sale of the Bonds (other than any such statement in the Official Statement under the caption “THE AUTHORITY” or “ABSENCE OF MATERIAL LITIGATION – The Authority” or any similar statement provided by the Authority expressly for use in any other official statement, offering statement, offering circular or continuing disclosure document for the Bonds), or any omission or alleged omission to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(4) any declaration of taxability of interest paid or payable on the Bonds, or allegations (or regulatory inquiry) that interest paid or payable on the Bonds is taxable, for federal income tax purposes;

(5) the Trustee’s acceptance or administration of the trust of the Indenture or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

(6) the refunding, retirement, tender for purchase and/or redemption, in whole or in part, of the Bonds;

(7) any misrepresentation or breach of warranty by the Borrower of any representation or warranty in this Loan Agreement, [list of other Borrower agreements – must include Tax Agreement and Continuing Disclosure Agreement] or any document delivered by the Borrower pursuant to, or in connection with, any of the foregoing or the Bonds; or

(8) any breach by the Borrower of any covenant or undertaking set forth in this Loan Agreement, [list of other Borrower agreements – must include Tax Agreement and Continuing Disclosure Agreement] or any document delivered by the Borrower pursuant to, or in connection with, any of the foregoing or the Bonds;

provided that such indemnification pursuant to this Section shall not apply to Indemnifiable Losses resulting because of the negligence or willful misconduct of any Trustee Indemnified Party or the gross negligence or willful misconduct of any Authority Indemnified Party.

(b) The Authority agrees to notify the Borrower promptly, but in no event later than 20 business days, after written notice to the Authority that any third party has brought any action, suit or proceeding against an Indemnified Party that may result in an Indemnifiable Loss (a “Third Party Action”). Upon such notice or other notice from an Indemnified Party of a Third Party Action, the Borrower shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and reasonably acceptable to the Borrower (which may be the Attorney General of the State of California), and shall assume the payment of all Litigation Expenses related thereto, with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove (in its sole and absolute discretion) any such compromise or settlement and the Indemnified Party has no liability with respect to any compromise or settlement of any Third Party Claim effected without its written approval. Each Indemnified Party shall have the right to employ separate counsel in any Third Party Claim and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and disbursements of such separate counsel; provided, however, that a Trustee Indemnified Party may only employ separate counsel at the expense of the Borrower if in the reasonable judgment of such Trustee Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel. If the Indemnified Party fails to provide such notice to the Borrower, the Borrower is still obligated to indemnify the Indemnified Party for Indemnifiable Losses[, except that the Borrower is not liable for any Litigation Expense the Indemnified Party incurs during the period in which the Indemnified Party failed to give such notice.].

(c) The rights and undertakings set forth in this Section do not terminate and survive the final payment or defeasance of the Bonds and the termination or defeasance of this Agreement.

For purposes of this section “Indemnifiable Losses” means the aggregate of Losses and Litigation Expenses.

For purposes of this section “Losses” means any liability, loss, claim, settlement payment, cost and expense, interest, award, judgment, damages (other than punitive damages to the extent they may not, under law, be indemnified), diminution in value, fine, fee and penalty, and other charge, of every conceivable kind, character and nature whatsoever, contingent or otherwise, known or unknown, except Litigation Expenses. For purposes of this section “Litigation Expenses” means any court filing fee, court cost, witness fee, and each other fee and cost of investigating and defending or asserting a claim, including, without limitation, in each case, attorneys’ fees, other professionals’ fees and disbursements.

ERISA [include only if Borrower maintains a defined benefit plan that is subject to ERISA funding requirements. See Borrower representation (l).]

(a) The Borrower shall not, with respect to any ERISA Plan:

(i) incur any “accumulated funding deficiency,” as such term is defined in Section 412 of the Code, whether or not waived, if the amount of such accumulated funding deficiency, plus any accumulated funding deficiencies previously incurred with

respect to such ERISA Plan and not eliminated, would aggregate more than \$100,000; provided that the incurring of such an accumulated funding deficiency will not be an “event of default” under Section 17 hereof if it is reduced below \$100,000 or eliminated within 90 days after the date upon which the Borrower becomes aware of such accumulated funding deficiency; or

(ii) terminate any such ERISA Plan in a manner which could result in the imposition of a material lien on the property of the Borrower pursuant to Section 4068 of ERISA and which could materially adversely affect the business, earnings, properties or financial condition of the Borrower; or

(iii) withdraw from a Multiemployer Plan in a “complete withdrawal” or a “partial withdrawal” as defined in Sections 4203(a) and 4205(a), respectively, of ERISA, if such withdrawal could materially adversely affect the Borrower’s ability to comply at any time with any of the provisions of this Agreement.

(b) The Borrower shall:

(i) fund all current and past service pension liabilities under the provisions of all ERISA Plans such that if all such ERISA Plans were terminated at the same time by the Borrower any liens imposed on the Borrower under Section 4068 of ERISA would not be in an amount in the aggregate which would materially affect the Borrower’s ability to comply at any time with any of the provisions of this Agreement; and

(ii) otherwise comply in all material respects with the provisions applicable to its ERISA Plans contained in ERISA, the Code and the regulations published thereunder; and

(iii) notify the Trustee, the Liquidity Provider and the Authority promptly after the Borrower knows (i) of the happening of any material Reportable Event with respect to any ERISA Plan and, in any event, at least five days prior to any notification of such material Reportable Event given to the PBGC pursuant to the terms of Section 4043 of ERISA or (ii) of an assessment against the Borrower or any Common Control Entity of any withdrawal liability to a Multiemployer Plan. Notwithstanding anything herein to the contrary, the Borrower need not notify the Trustee, the Liquidity Provider or the Authority of such material Reportable Event or withdrawal liability unless it might materially adversely affect the business, prospects, earnings, properties or condition (financial or otherwise) of the Borrower.

(iv) For purposes of this paragraph (iv) and the representations and warranties of the Borrower contained in subsection (v) of Section 2, the following terms shall have the following meanings. The term “Multiemployer Plan” has the meaning set forth in Section 4001(a)(3) of ERISA and all rules and regulations promulgated from time to time thereunder. The term “Common Control Entity” means any entity which is a member of a “controlled group of corporations” with, or is under “common control” with, the Borrower as defined in Section 414(b) or (c) of the Code. The term “PBGC” means the Pension Benefit Guaranty Corporation.

Reporting Requirements:

The Borrower will furnish the following to the Authority so long as any Bonds remain Outstanding:

(a) its audited financial statements certified by an independent public accountant selected by the Borrower as of the end of each of its fiscal years, as soon as accepted by its Board of Trustees [or the _____ Committee thereof] but in any event within 150 days after the end thereof;

(b) promptly upon the request of the Authority or the Trustee, such other information regarding the financial position, results of operations, business or prospects of the Borrower as such party may reasonably request from time to time;

In addition to the foregoing, the Borrower shall, at any reasonable time and from time to time, upon prior written notice, permit the Authority and the Trustee, and their respective representatives and agents, to (i) inspect the premises and the accounting records and the books of the Borrower for the purpose of verifying compliance by the Borrower with the covenants contained herein and all of the terms of the Act, (ii) examine and make copies of and abstracts from the accounting records and books of account of the Borrower, (iii) discuss the affairs, finances and accounts of the Borrower with any of its officers or directors and (iv) upon notice to the Borrower, communicate with the Borrower's independent certified public accountants.

Post-Issuance Compliance:

Post-Issuance Compliance Undertaking. The Borrower acknowledges that the Internal Revenue Service mandates certain filing requirements with respect to post-issuance tax compliance, private use and/or unrelated trade or business use, including the proper method for computing whether any such use has occurred under Section 145 of the Code. The Borrower covenants that it will undertake to determine (or have determined on its behalf) the information required to be reported on the IRS Form 990 (Schedule K) Supplemental Information on Tax-Exempt Bonds on an annual basis and will undertake to comply with the aforementioned filing requirements and any related requirements that may be applicable to the Bonds (collectively, the "Post-Issuance Requirements"). Further, the Borrower covenants that it has adopted, or, if not, will promptly adopt, management practices and procedures to ensure the Borrower complies with the Post-Issuance Requirements with respect to the Bonds.

Retention of Post-Issuance Compliance Expert. The Borrower initially [has retained the firm of _____ to provide] [has designated (insert name of the individual officer/employee of Borrower) to be responsible for providing] certain post-issuance tax compliance services that may be required from time to time with respect to the Bonds.

No Prevailing Party:

Nothing in this Agreement shall be construed to provide for award of attorneys' fees and costs to the Authority or the Borrower for the enforcement of the Agreement as described in Section 1717 of the Civil Code. Nothing in this Section affects the rights of the Trustee provided herein.

Waiver of Personal Liability:

No member, officer, official, agent or employee of the Authority or any director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal [or purchase price] of or premium, if any, or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

Notices:

To the Authority at: California Educational Facilities Authority
915 Capitol Mall, Suite 590
Sacramento, California 95814
Attention: Executive Director
Telephone: (916) 653-2872
Facsimile: (916) 653-2179

Governing Law; Venue:

The laws of the State of California govern all matters arising out of or relating to this Loan Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement.

Any party bringing a legal action or proceeding against any other party arising out of or relating to this Loan Agreement shall bring the legal action or proceeding in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement in writing. Each party agrees that the exclusive (subject to waiver as set forth herein)_choice of forum set forth in this section does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to this Loan Agreement brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

Rules of Construction:

The parties hereto acknowledge that each such party and its respective counsel have participated in the drafting and revision of this Loan Agreement and the Indenture. Accordingly, the parties agree that the Authority shall not be deemed to be the drafting party of this Loan Agreement or the Indenture for purposes of any rule of construction which disfavors the drafting party.

Benefits of Agreement:

The Indemnified Parties (other than the Authority) are third party beneficiaries of Section [Indemnity Section] in accordance with its terms. Any amendment or modification of this Loan

Agreement executed by the parties is binding upon such Indemnified Parties, and any action or consent taken by the Authority on its own behalf is binding on such Indemnified Parties for the purposes of this Loan Agreement; provided no Indemnified Party other than the Authority shall be bound without its consent to any amendment or modification of the provisions of Section [Indemnity Section] providing (i) rights and performance of Indemnified Parties other than the Authority or (ii) performance by the Borrower for the benefit of Indemnified Parties other than the Authority.

The Trustee is a third party beneficiary of Section [Additional Payments Section] in accordance with its terms. Subject to the Indenture, any amendment or modification of this Loan Agreement executed by the parties is binding upon the Trustee, and any action or consent taken by the Authority on its own behalf is binding on the Trustee for the purposes of this Loan Agreement; provided the Trustee shall not be bound without its consent to any amendment or modification of the provisions of Section [Additional Payments Section] providing (i) rights and performance of the Trustee or (ii) performance by the Borrower for the benefit of the Trustee.

This Loan Agreement is not intended to, nor may it be deemed to, create any rights of enforcement in any person who is not a party to this Loan Agreement, an Indemnified Party or the Trustee.

Successors and Assigns:

This Loan Agreement binds and benefits the parties and their respective [permitted] successors and assigns. [This Section does not address, directly or indirectly, whether a party may assign its rights or delegate its performance under this Loan Agreement. Section[s] ___ address[es] these matters.]³

Complete Agreement:

This Loan Agreement constitutes the entire agreement between the Borrower and the Authority with respect to the subject matter of this Loan Agreement and supersedes all prior agreements and understandings, both written and oral, with respect to the subject matter of this Loan Agreement.

³ Use if Loan Agreement includes restrictions on assignment or succession (including by merger, consolidation or other legal succession) by any party

Signature Block:

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Loan Agreement to be executed in their respective corporate names as of the date first above written.

CALIFORNIA EDUCATIONAL FACILITIES
AUTHORITY

By: _____
Deputy Treasurer
For Chairman, State Treasurer [Treasurer's Name]

By: _____
Executive Director

EXHIBIT A

Prior Project:

[Such description should match the description set forth in the CEFA resolution.]

New Project:

[Such description should match the description set forth in the CEFA resolution.]

INDENTURE

Recitals:

WHEREAS, the Authority is a public instrumentality of the State of California, created by the California Educational Facilities Authority Act (constituting Chapter 2 (commencing with Section 94100) of Part 59 of Division 10 of Title 3 of the Education Code of the State of California) (the "Act"), authorized to issue revenue bonds and to loan the proceeds thereof to a participating private college or a participating nonprofit entity (both as defined in the Act) for the acquisition or construction of projects (as defined in the Act), to refund existing bonds, mortgages, or advances or other obligations incurred, given, or made by a participating private college for the acquisition or construction of any projects, to loan the proceeds thereof to a participating private college for the purpose of refinancing projects not originally funded pursuant to the Act (including repayment of costs, as defined in the Act), and to refund existing bonds or notes of the Authority;

WHEREAS, _____ (the "Borrower") is a nonprofit [public benefit/religious] corporation duly organized and existing under the laws of the State of California;

[WHEREAS, the Authority/[name of issuer] has previously issued its Revenue Bonds (_____), Series ____ (the "Prior Bonds"), in the aggregate principal amount of \$_____, of which \$_____ currently is outstanding, and made a loan (the "Prior Loan") of the proceeds thereof to the Borrower to finance or refinance the acquisition or construction of projects, as more particularly described under the caption "Prior Project" in EXHIBIT A hereto (the "Prior Project")]/[and made a loan ("the Prior Loan") of the proceeds thereof to the Borrower for the purposes of financing or refinancing certain projects, as more particularly described under the caption "Prior Project" in Exhibit A hereto (the "Prior Project"), not originally funded pursuant to the Act];]

WHEREAS, the Borrower has requested that the Authority issue its revenue bonds in an aggregate principal amount of \$_____ [(i) to refund all or a portion of the outstanding Prior Bonds, (ii) to make a loan of the proceeds of the Bonds (as defined below) to the Borrower (a) to refinance the Prior Loan and (b) to acquire and construct projects (as defined in the Act), as more particularly described under the caption "New Project" in Exhibit A hereto (the ["New Project" and, together with the Prior Project, the] "Project"), (iii) to pay costs of issuance of the Bonds, and (iv) to provide a bond reserve fund for the Bonds];

WHEREAS, the Authority has authorized the issuance of the Authority's Revenue Bonds (_____), Series ____ (the "Bonds"), in an aggregate principal amount of \$_____ and the loan of the proceeds thereof to the Borrower for the purposes set forth in the above recital;

WHEREAS, the Authority has entered into a loan agreement, dated as of _____, ____ (the "Loan Agreement"), with the Borrower, specifying the terms and conditions of a loan by the Authority to the Borrower of the proceeds of the Bonds;

[WHEREAS, describe liquidity/credit facility, reimbursement agreement, bond insurance, etc.;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal [and purchase price]thereof, premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Indenture;

WHEREAS, the Bonds and the Bond Trustee's certificate of authentication and assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto and incorporated into this Indenture by this reference, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Bond Trustee and duly issued, the valid, binding and legal limited obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

Definitions:

Administrative Fees and Expenses

“Administrative Fees and Expenses” means the reasonable and necessary expenses incurred by the Authority pursuant to the Loan Agreement or this Indenture, or incurred by its officers, directors, members, attorneys, agents or employees in the administration and execution of the Loan Agreement and this Indenture, including Additional Payments.

Authorized Representative

“Authorized Representative” means, with respect to the Authority, its Chairman (or any Deputy), Executive Director, or any other Person or Persons designated as an Authorized Representative of the Authority by a Certificate of the Authority signed by its Chairman (or any Deputy), or Executive Director. Such authorization shall remain in effect until the Bond Trustee has received written notice to the contrary accompanied by a new designation.

Environmental Laws

“Environmental Laws” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Materials, chemical waste, materials or substances.

Hazardous Materials

“Hazardous Materials” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project [or the Prior Project] or to persons

on or about the Project [or the Prior Project] or (ii) cause the Project [or the Prior Project] to be in violation of any Environmental Laws; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Laws including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety Code §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project [or the Prior Project] or the owners and/or occupants of property adjacent to or surrounding the Project [or the Prior Project], or any other person coming upon the Project [or the Prior Project] or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

Revenues

*The definition of “Revenues” must exclude all categories of payments to the Authority for its own benefit, such as “Additional Payments.”

Exception from Pledge and Assignment by Authority to Trustee of its rights in the Loan Agreement:

(except for (i) the right to receive any Administrative Fees and Expenses to the extent payable to the Authority, (ii) any rights of the Authority to be indemnified, held harmless and defended and rights to inspection and to receive notices, certificates and opinions, (iii) express rights to give approvals, consents or waivers, and (iv) the obligation of the Borrower to make deposits pursuant to the Tax Certificate)

Notice of Redemption:

*Confirm that Bond Trustee is required to give copy of notice of redemption (other than scheduled sinking fund redemption) to the Authority.

Authority’s Non-Obligation To Enforce Rights under Indenture and Loan Agreement:

*Add to remedies section:

Notwithstanding anything to the contrary in this Indenture, the Authority shall have no obligation to and instead the Bond Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than those specifically retained by the Authority pursuant to this Indenture) under this Bond Indenture, the Loan Agreement [any applicable security documents], including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrower under the Loan Agreement.

Defeasance:

*Add to defeasance section:

, provided that, prior to the Bond Trustee paying over, transferring, assigning or delivering to the Borrower such moneys, securities or other property, all Administrative Fees and Expenses and any indemnification owed the Authority shall have been paid.

Liability of Authority Limited to Revenues:

The Bonds shall not be deemed to constitute a debt or liability of the State of California or of any political subdivision thereof other than the Authority or a pledge of the faith and credit of the State of California or of any political subdivision thereof, but shall be payable solely from the funds herein provided. Neither the State of California nor the Authority shall be obligated to pay the principal [or the purchase price] of the Bonds or the premium, if any, or the interest thereon except from Revenues and the other assets pledged hereunder and neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal [or the purchase price] of or the premium, if any, or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Authority has no taxing power. Notwithstanding anything in this Indenture or in the Bonds contained, the Authority shall have no pecuniary liability under this Indenture except that which can be satisfied from Revenues and the other assets pledged hereunder, and the Authority shall not be required to advance any moneys derived from any source other than Revenues and the other assets pledged hereunder for any of the purposes in this Indenture mentioned, whether for the payment of the principal [or purchase price] of or the premium, if any, or the interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

Waiver of Personal Liability:

No member, officer, official, agent or employee of the Authority shall be individually or personally liable for the payment of the principal [or purchase price] of the Bonds or the premium, if any, or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, official, agent or employee of the Authority from the performance of any official duty provided by law or by this Indenture.

Notices:

To the Authority at: California Educational Facilities Authority
915 Capitol Mall, Suite 590
Sacramento, California 95814
Attention: Executive Director
Telephone: (916) 653-2872
Facsimile: (916) 653-2179

Governing Law:

The laws of the State of California govern all matters arising out of or relating to this Indenture and the Bonds, including, without limitation, their validity, interpretation, construction, performance, and enforcement.

Any party bringing a legal action or proceeding against any other party arising out of or relating to this Indenture shall bring the legal action or proceeding in Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement in writing. Each party agrees that the exclusive (subject to waiver as set forth herein)_choice of forum set forth in this section does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to this Indenture brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

Signature Block:

CALIFORNIA EDUCATIONAL FACILITIES
AUTHORITY

By: _____
Deputy Treasurer
For Chairman, State Treasurer [Treasurer's Name]

By: _____
Executive Director

Bond Form:

Bond Face

The following must appear on the face of each bond:

This Bond shall not be deemed to constitute a debt or liability of the State of California or of any political subdivision thereof other than the California Educational Facilities Authority (the "Authority") or a pledge of the faith and credit of the State of California or of any political subdivision thereof, but shall be payable solely from the funds therefor provided. Neither the State of California nor the Authority shall be obligated to pay the principal [or the purchase price] of this Bond or the premium, if any, or the interest hereon except from Revenues and the other assets pledged under the Indenture and neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal [or the purchase price] of or the premium, if any, or the interest on this Bond. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Authority has no taxing power.

Signature Block

IN WITNESS WHEREOF, the California Educational Facilities Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman and its seal to be reproduced hereon, all as of the date set forth above.

CALIFORNIA EDUCATIONAL FACILITIES
AUTHORITY

By: _____
Chairman

(SEAL)

BOND PURCHASE CONTRACT

Parties:

The Bond Purchase Contract is to be executed by the Underwriter (or Representative of the Underwriters), accepted and agreed to by the Authority and the Treasurer of the State of California, as Agent for Sale, and approved by the Borrower.

Purchase, Sale and Delivery of the Bonds:

*Include the following at the end of the relevant section:

Not later than ten calendar days after the Closing Date, the Underwriter shall submit to the Authority the report referenced by Section 1899.532 of Subchapter 4 of Chapter 4, Division 2 of Title 2 of the California Code of Regulations.

Representations of the Authority:

(a) The Authority is and will be at the Closing Date duly organized and existing under the laws of the State of California, has full power and authority to issue the Bonds, to adopt the Resolution, to enter into the Indenture, the Loan Agreement and this Purchase Contract (collectively, the “Authority Documents”) and to perform its obligations under the Authority Documents, and when executed and delivered by the respective parties thereto, the Authority Documents will constitute the legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws related to or affecting the enforcement of creditors’ rights generally and by the application of equitable principles as the court having jurisdiction may impose, regardless of whether such proceeding is considered in a proceeding in equity or law, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in California.

(b) When delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Purchase Contract and assuming proper authentication by the Trustee by the manual signature of an authorized officer thereof, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding limited obligations of the Authority, enforceable in accordance with their terms, in conformity with, and entitled to the benefit and security of the Indenture.

(c) By official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has authorized and approved the distribution of the Preliminary Official Statement, the distribution of the Official Statement, and authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Bonds and the Authority Documents and the consummation by the Authority of all other transactions contemplated by the Official Statement and this Purchase Contract.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending (with service of

process against. the Authority having been accomplished) or known to the Authority to be threatened against the Authority seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the issuance or sale. thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Bonds or the Authority Documents or contesting in any way the completeness or accuracy of the information in the Preliminary Official Statement or the Official Statement under the captions “THE AUTHORITY” or “ABSENCE OF MATERIAL LITIGATION – The Authority”, as amended or supplemented, or the existence or powers of the Authority relating to the issuance of the Bonds.

(e) As of the date thereof and as of the date hereof, the statements and information contained in the Preliminary Official Statement under the caption “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – The Authority” were and will be true, correct and complete in all material respects, and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements and information therein, in light of the circumstances under which they were made, not misleading.

(f) Both at the time of acceptance hereof by the Authority and at the Closing Date, the statements and information contained in the Official Statement under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – The Authority” are and will be true, correct and complete in all material respects, and do not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect; it being further understood that no such representation, warranty or agreement shall apply to statements or information in or omissions from the Official Statement with respect to which the Borrower agrees to indemnify the Authority, the Treasurer and the Underwriter pursuant to the Letter of Representations of the Borrower dated the date hereof and attached hereto as Exhibit A.

(g) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in endeavoring (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 qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to qualify as a foreign corporation in any such state or take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(h) To the best knowledge of the Authority, the execution and delivery by the Authority of the Bonds and the Authority Documents and compliance with the provisions on the Authority’s part contained therein, will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any material law, administrative regulation, court order, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or

other instrument to which the Authority is a party or by which it is bound, which breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Documents.

(i) The Authority is not in breach of or in default under any applicable material law or administrative regulation of the State of California or the United States or any applicable material judgment or decree or any material loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a breach of or a default or an event of default under any such instrument which breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Documents.

(j) If, between the date of this Purchase Contract and 25 days after the end of the underwriting period (as such term is defined in Rule 15c2-12), (i) an event occurs of which the Authority has knowledge, which might or would cause the information contained in the Official Statement under the captions "THE AUTHORITY" or "ABSENCE OF MATERIAL LITIGATION—The Authority," as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or, (ii) if the Authority is notified by the Borrower pursuant to Paragraph (___) of the Letter of Representation or otherwise requested to amend, supplement or otherwise change the Official Statement, the Authority will notify the Underwriter and the Borrower, and if in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will participate in the amendment or supplement in a form and in a manner approved by the Underwriter and counsel to the Authority, provided that all expenses thereby incurred will be paid by the Borrower and provided further that, for purposes of this provision, the end of the underwriting period shall be the Closing Date unless the Underwriter on or prior to Closing provides written notice to the contrary to the Authority and the Borrower).

(k) For 25 days from the end of the underwriting period (as defined in Rule 15c2-12), (a) the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter or the Borrower shall reasonably object in writing or which shall be disapproved by their respective counsel and (b) if any event relating to or affecting the Authority shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will forthwith prepare and furnish to the Underwriter and the Borrower (at the expense of the Borrower) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter and counsel for the Authority) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the Official Statement is

delivered to a purchaser, not misleading. For purposes of this subsection, the Authority will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

The execution and delivery of this Purchase Contract by the Authority shall constitute a representation by the Authority to the Underwriter that the representations, warranties and agreements contained in this Section [____] are true as of the date hereof; provided that as to information furnished by the Borrower pursuant to this Purchase Contract and the Letter of Representations or otherwise and in the Preliminary Official Statement and the Official Statement, the Authority is relying on such information in making the Authority's representations, warranties and agreements; and as to all matters of law, other than federal tax and securities laws, the Authority is relying on the advice of counsel to the Authority; and as to matters of federal tax law [and securities laws], the Authority is relying on the advice of Bond Counsel; and provided further that no officer, agent or employee or member of the governing body of the Authority shall be individually liable for the breach of any representation, warranty or agreement contained herein.

Conditions to the Obligation of the Underwriter:

If the Authority shall be unable to satisfy the conditions of the Underwriter's obligations contained in this Bond Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted herein, this Bond Purchase Contract shall terminate, and neither the Authority nor the Treasurer shall have any further obligation hereunder, except the Borrower shall be obligated with respect to all reasonable fees, expenses and costs payable to the Authority and the Treasurer pursuant to Section [expenses section] hereof.

Conditions to the Obligation of the Authority:

1. No order, decree, injunction, ruling or regulation of any court, regulatory agency, public board or body shall have been issued nor shall any legislation have been enacted with the purpose or effect, directly or indirectly, of prohibiting the offering, sale or issuance of the Bonds as contemplated by the Bond Purchase Contract or by the Official Statement.

2. The Authority's closing fee shall have been paid by wire transfer or in other immediately available funds or arrangements reasonably satisfactory to the Authority shall have been made to pay such fees from the proceeds of the Bonds or otherwise.

3. [Add closing document list other than what the Authority delivers unilaterally.]

4. [For private placements with an investor letter, add a condition that the investor letter be delivered to the Authority if the letter is not included as part of 3 above.]

Expenses:

All expenses and costs of the Authority incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriter, including any out-of-pocket disbursements of the Authority, shall be paid by the Borrower.

Opinions Addressed to Authority:

- Counsel to Authority
- Supplemental Opinion of Bond Counsel (must include 10(b)(5) opinion)
- Counsel to Borrower and any guarantor (must include 10(b)(5) opinion on entire Official Statement, except for sections relating to the Authority, DTC, the book-entry system, the Liquidity/Credit Facility Provider (if any) and bond insurance (if any))
- Counsel to Liquidity/Credit Facility Provider
- Counsel to the Trustee (and if applicable, counsel to the Escrow Agent)

Governing Law:

The laws of the State of California govern all matters arising out of or relating to this Purchase Contract, including, without limitation, its validity, interpretation, construction, performance, and enforcement.

Any party bringing a legal action or proceeding against any other party arising out of or relating to this Purchase Contract shall bring the legal action or proceeding in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement in writing. Each party agrees that the exclusive (subject to waiver as set forth herein)_choice of forum set forth in this section does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which it may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to this Purchase Contract brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

Arms-Length Transaction:

The State Treasurer, the Authority and the Underwriter acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length, commercial transaction between the State Treasurer, the Authority and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as an agent, advisor or fiduciary of the State Treasurer or the Authority, (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the State Treasurer or the Authority with respect to this Purchase Contract, the offering of the Bonds and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the State Treasurer or the Authority on other matters), (iii) the only contractual obligations the Underwriter has to the State Treasurer and the Authority with respect to the transactions contemplated hereby are those set forth in this Purchase Contract, (iv) the Underwriter has financial and other interests that differ from those of the State Treasurer and the Authority, and (v) the State Treasurer and the Authority have consulted with their own legal, accounting, tax, financial and other advisors, as applicable, to the

extent they have deemed appropriate. Nothing in the foregoing paragraph is intended to limit the Underwriter's obligations of fair dealing under MSRB Rule G-17.

Limitation of Liability of the Authority and the Treasurer:

Neither the Authority nor the Treasurer shall be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damages, claims or actions of any conceivable kind under any conceivable theory under this Bond Purchase Contract or any document or instrument referred to herein or by reason of or in connection with this Bond Purchase Contract or other document or instrument except to the extent it receives amounts from the Borrower available for such purpose.

Signature Block*:

Accepted and Agreed to:

CALIFORNIA EDUCATIONAL
FACILITIES AUTHORITY

By: _____
Executive Director

TREASURER OF THE STATE OF
CALIFORNIA

By: _____
Deputy Treasurer
For California State Treasurer [Treasurer's Name]

* Add to bottom of signature page: [Name of Transaction], signature page for Bond Purchase Contract

LETTER OF REPRESENTATION

Representations

Representations generally should be at least equivalent in scope to the Borrower's representations included in the Loan Agreement. In addition to the foregoing, the Letter of Representation should include the following:

(a) The Borrower is a ["private college"/"participating nonprofit entity"] as that term is defined in the California Educational Facilities Authority Act (the "Act"), and the Project (as defined in the Bond Indenture) is a "project" as that term is defined in the Act.

(b) If, between the date hereof and 25 days after the end of the underwriting period (as such term is defined in Rule 15c2-12), any event shall occur of which the Borrower has knowledge which is reasonably likely to or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, the Borrower shall notify the Authority and the Underwriter and, if, in the opinion of the Authority or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Borrower will request the Authority to cause the Official Statement to be amended or supplemented in a form and in a manner approved by the Underwriter, at the expense of the Borrower.

(c) For 25 days from the date of the end of the underwriting period (as such term is defined in Rule 15c2-12), (a) the Borrower will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, any of you shall reasonably object in writing or which shall be disapproved by your respective counsel and (b) if any event related to or affecting the Authority or the Borrower or its present or proposed facilities shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter or the Authority, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Borrower shall forthwith prepare and furnish to the Underwriter and the Authority (at the expense of the Borrower) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to counsel for the Underwriter and counsel to the Authority) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the Borrower will furnish such information with respect to itself and its present and proposed facilities as any of you may from time to time reasonably request.

Additionally, the Borrower should provide 10(b)(5) representation for the entire Preliminary Official Statement and Official Statement, excluding only those sections relating to the Authority[, the Liquidity/Credit Facility Provider, bond insurance], DTC and the book-entry system.

Indemnification

To the extent permitted by law, the Borrower agrees to indemnify and hold harmless the Authority, the Treasurer, the Underwriter, each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended (the “Securities Act”)) the Authority, the Treasurer and the Underwriter and the respective past, present or future directors, officers, officials, employees, and members of the Authority, the Treasurer and the Underwriter (collectively, the “Indemnified Persons,” and individually, an “Indemnified Person”) from and against any and all liabilities, obligations, suits, actions, judgments, losses, claims, damages, demands, fines, penalties, costs and expenses, including, without limitation, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such liabilities, obligations, suits, actions, judgments, losses, claims, damages, demands, fines, penalties, costs and expenses, arising out of or based upon (a) any allegation or determination that the Bonds are not exempt from registration under the Securities Act of 1933, as amended, or the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended; and (b) any untrue or alleged untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement (or in any supplement or amendment thereto) (except, solely with respect to indemnification of the Authority, for the information set forth under the captions “THE AUTHORITY,” and “ABSENCE OF MATERIAL LITIGATION – The Authority”), or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except, solely with respect to indemnification of the Authority, for the information set forth under the captions “THE AUTHORITY,” and “ABSENCE OF MATERIAL LITIGATION – The Authority”). The foregoing indemnity shall not inure to your benefit or to the benefit of any person controlling you if a copy of the Official Statement (as amended or supplemented if the Borrower shall have furnished any amendments to supplements thereto) was not sent or given by you or on your behalf to the person asserting the claim against you or the person controlling you (the “Claimant”), if required by law to so have been delivered, at or prior to the written confirmation of the sale of the securities to the Claimant, (and if the Official Statement as so amended or supplemented would have prevented such loss, claim, damage or liability), unless the failure to deliver the Official Statement (as amended or supplemented) was the result of noncompliance by the Borrower or the Authority with any provision of this Letter of Representations or the Bond Purchase Contract. Promptly after receipt by an Indemnified Person of notice of the assertion of any claim or the commencement of any action, such Indemnified Person shall, if a claim in respect thereof is to be made against the Borrower, notify the Borrower in writing of the assertion or commencement thereof. In case any such action shall be brought against any Indemnified Person, and such Indemnified Person shall notify the Borrower of the commencement thereof, the Borrower shall be entitled to participate in and, to the extent that either wishes, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Person, and after notice from the Borrower to such Indemnified Person of its election so to assume the defense thereof, the Borrower shall not be liable to such Indemnified Person under this paragraph (___) for any legal or other expenses subsequently incurred by such Indemnified Person in connection with the defense thereof; provided, however, that if the named parties to any such action (including any impleaded parties) include the Indemnified Person and the Borrower, and the Indemnified Persons reasonably conclude that there may be one or more legal defenses available to them which are different from or additional to those available to the

Borrower, the Indemnified Persons shall have the right to select separate counsel to assume such legal defense and to otherwise participate in the defense of such action on behalf of the Indemnified Persons.

Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnification under paragraph (___) is for any reason held to be unavailable from the Borrower, to the extent permitted by law, the Borrower and the Underwriter shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Borrower and the Underwriter may be subject), in such proportion that the Underwriter is jointly responsible for that portion represented by the percentage that the underwriting discount set forth in the Official Statement bears to the public offering price appearing thereon and the Borrower is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11 (of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each officer, agent and employee of the Underwriter and each person, if any, who controls the Underwriter within the meaning of the Securities Act shall have the same rights to contribution as that of the Underwriter. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

Signature Block*:

Accepted and Agreed to:

CALIFORNIA EDUCATIONAL
FACILITIES AUTHORITY

By: _____
Executive Director

TREASURER OF THE STATE OF
CALIFORNIA

By: _____
Deputy Treasurer
For California State Treasurer [Treasurer's Name]

* Add to bottom of signature page: [Name of Transaction], signature page for Letter of Representation

OFFICIAL STATEMENT

Front Cover:

Include the following within the body of the front cover:

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS THEREFOR PROVIDED. NEITHER THE STATE OF CALIFORNIA NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL [OR PURCHASE PRICE] OF THE BONDS OR THE PREMIUM, IF ANY, OR THE INTEREST THEREON EXCEPT FROM THE FUNDS PROVIDED UNDER THE LOAN AGREEMENT AND THE OTHER ASSETS PLEDGED UNDER THE INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL [OR PURCHASE PRICE] OF OR THE PREMIUM, IF ANY, OR THE INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

Include the following at the bottom of the front cover, above the name(s) of the Underwriter(s):

HONORABLE [TREASURER'S NAME]
Treasurer of the State of California
As Agent for Sale

Inside Front Cover:

Include the following within the body of the inside front cover:

The information relating to the Authority set forth herein under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION—The Authority” has been furnished by the Authority. The Authority does not warrant the accuracy of the statements contained herein relating to the Borrower, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Borrower, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds. The Authority makes no representations or warranties whatsoever with respect to any information contained herein except for the information under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION—The Authority.”

Security:

Include the following in the section “Security for the Bonds” in both the POS and the OS:

The Bonds shall not be deemed to constitute a debt or liability of the State of California or of any political subdivision thereof other than the Authority or a pledge of the faith and credit of the State of California or of any political subdivision thereof, but shall be payable solely from the funds therefor provided. Neither the State of California nor the Authority shall be obligated to pay the principal [or the purchase price] of the Bonds or the premium, if any, or the interest thereon except from Revenues and the other assets pledged under the Indenture and neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal [or the purchase price] of or the premium, if any, or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Authority has no taxing power.

Continuing Disclosure:

Bond Counsel must confirm that the Authority has no obligations with respect to continuing disclosure.

The Authority:

General

The Authority is a public instrumentality of the State of California created pursuant to the provisions of the Act. The Authority is authorized to issue the Bonds under the Act, to make the loan contemplated by the Loan Agreement and to secure the Bonds by a pledge of the Revenues received by the Authority pursuant to the Loan Agreement and certain other sources of payment as provided in the Indenture, including amounts held in the funds or accounts established pursuant to the Indenture (excluding the Rebate Fund [and the Purchase Fund]).

Organization and Membership

The membership of the Authority consists of the Treasurer, the Controller and the Director of Finance of the State of California and two members appointed by the Governor of the State of California. Of the two appointed members, one must be affiliated with a public institution of higher education as a governing board member or in an administrative capacity and the other must be affiliated with a private institution of higher education as a governing board member or in an administrative capacity.

Outstanding Indebtedness of the Authority

The Act does not limit the amount of indebtedness the Authority may have outstanding from time to time. As of _____, _____, the Authority had outstanding \$_____ aggregate principal amount of bonds and notes (excluding certain bonds and

notes which have been defeased) issued on behalf of various California independent colleges and universities.

ABSENCE OF MATERIAL LITIGATION – The Authority:

To the knowledge of the officers of the Authority, there is no litigation of any nature now pending (with service of process having been accomplished) or threatened against the Authority, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Authority taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the Authority relating to the issuance of the Bonds.

Miscellaneous:

The Authority furnished only the information contained under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – The Authority” and, except for such information, makes no representation as to the adequacy, completeness or accuracy of this Official Statement or the information contained herein.

Signature Block:

This Official Statement has been delivered by the Authority and approved by the Borrower. This Official Statement is not to be construed as a contract or agreement among any of the Authority, the Borrower and the purchasers or Holders of the Bonds.

CALIFORNIA EDUCATIONAL FACILITIES
AUTHORITY

By: _____
Executive Director

CLOSING CERTIFICATE OF THE AUTHORITY

\$ _____
CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
(_____)
SERIES ____

CERTIFICATE OF THE AUTHORITY

The undersigned, _____, Executive Director, of the California Educational Facilities Authority (the "Authority"), hereby certifies to the following in connection with the issuance by the Authority of the California Educational Facilities Authority Revenue Bonds (_____), Series ____ (the "Bonds") and the loan of the proceeds thereof to _____ (the "Borrower"), on this ____ day of _____, ____.

(a) I am now and at all times since [date of adoption of Resolutions], have been the duly appointed and qualified Executive Director of the Authority. A copy of my oath confirming my appointment as such official is attached hereto as Exhibit A. Such appointment has not been revoked and remains in full force and effect as of the date hereof. The signature affixed above my name and office below is my genuine signature.

(b) _____, Treasurer of the State of California (the "Treasurer") and Chairman of the Authority, was duly authorized by the Authority to execute, on behalf of the Authority, the Bonds, in the aggregate principal amount of \$_____, and, pursuant to such authority, the Bonds have been executed by the facsimile signature of _____, Chairman of the Authority, whose signature is hereby confirmed as genuine by the undersigned, and by the imprinting thereon of a facsimile of the official seal of the Authority.

(c) The seal printed upon the Bonds and printed on this Certificate below is the legally adopted and official seal of the Authority.

(d) Attached hereto as Exhibit B are full, true and correct copies of Resolution No. ____ and Resolution No. _____, which were duly adopted at meetings of the Authority duly and regularly held on _____, ____ and _____, ____, respectively (the "Resolutions"), of which meetings all of the members of the Authority had due notice and at which a majority of the members thereof were present; the copies of said Resolutions attached hereto are true, correct and complete copies of the original Resolutions duly adopted by the Authority at said meetings; and said Resolutions have not been amended, modified, or rescinded in any manner since the date of their adoption, and the same are now in full force and effect as of the date hereof;

(e) Pursuant to the Resolutions, I, as Executive Director of the Authority, have been authorized to execute and deliver, on behalf of the Authority, the following documents; and, pursuant to such authority, I have executed and delivered the following documents:

(i) Bond Purchase Contract, dated _____, ____ (the "Purchase Contract"), executed by _____, as Underwriter, accepted and agreed to by the Treasurer and the Authority, and approved by the Borrower;

(ii) Official Statement, dated _____, _____, relating to the Bonds;

(iii) Indenture, dated as of _____, ____ (the "Indenture"), between the Authority and _____, as trustee (the "Trustee");

(iv) Loan Agreement, dated as of _____, ____ (the "Loan Agreement"), between the Authority and the Borrower; and

(v) Tax Certificate and Agreement, dated _____, ____ (the "Tax Agreement"), between the Authority and the Borrower.

(f) To the best of my knowledge, the representations and warranties made by the Authority in the Purchase Contract are true and correct in all material respects on the date hereof with the same effect as if made on and with respect to the facts as of the date hereof.

(g) The Authority has fulfilled or performed each of its obligations contained in the Indenture, the Loan Agreement and the Purchase Contract required to be fulfilled or performed by it as of the date hereof.

(h) The Authority program under which the Bonds are issued is available to both secular and sectarian institutions on an equal basis, based on principles of neutrality, and without taking into account any program applicant's religious affiliation, if any.

(i) _____ is now, and at all times since [date of adoption of Resolutions], has been, the duly chosen and qualified Deputy Treasurer to the Chairman of the Authority. Her appointment as such official has not been revoked and remains in full force and effect on this date. The signature affixed above her name and office below is her genuine signature.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and affixed the official seal of the Authority the date as first above mentioned.

CALIFORNIA EDUCATIONAL FACILITIES
AUTHORITY

By: _____
Executive Director

[Seal]

The undersigned [Deputy Treasurer's Name], hereby certifies to the following:

(a) I am now the duly designated and qualified Deputy Treasurer to the Chairman of the Authority. Such designation has not been revoked and remains in full force and effect on this date. A copy of the oath of office evidencing my designation as such official is attached hereto as Exhibit C.

(b) Pursuant to the Resolutions, I have been authorized to execute and deliver, together with the Executive Director, on behalf of the Authority, the following documents and pursuant to such authority I have executed and delivered said documents:

- (i) Indenture;
- (ii) Loan Agreement; and
- (iii) Tax Agreement.

(c) _____ is now, and at all times since [date of adoption of Resolutions], has been, the duly chosen and qualified Executive Director of the Authority. His appointment as such official has not been revoked and remains in full force and effect on this date. The signature affixed above his name and office above is his genuine signature.

Date: _____, _____

CALIFORNIA EDUCATIONAL FACILITIES
AUTHORITY

By: _____
Deputy Treasurer
For Chairman, State Treasurer _____

15C-2-12 CERTIFICATE

**CERTIFICATE OF
CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
AS TO FINALITY OF THE PRELIMINARY OFFICIAL STATEMENT**

I, _____, hereby certify that I am the Executive Director of the California Educational Facilities Authority (the “Authority”), and, as such, I am authorized to execute this Certificate on behalf of the Authority.

I hereby further certify that there has been delivered to the underwriter (the “Underwriter”) of the \$_____ ⁴ California Educational Facilities Authority Revenue Bonds (_____), Series _____ (the “Bonds”), a preliminary official statement relating to the Bonds, dated _____, _____ (including the cover page, the introductory statement and all appendices thereto, the “Preliminary Official Statement”), which the Authority deems to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12; provided, however, that the foregoing certification as to the finality of the Preliminary Official Statement only includes a certification as to finality of the statements and information contained under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION—The Authority.”

The Authority hereby approves of the distribution by the Underwriter of the Preliminary Official Statement.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

⁴ Preliminary, subject to change.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Authority as of the date thereof.

CALIFORNIA EDUCATIONAL FACILITIES
AUTHORITY

By: _____
Executive Director

TAX CERTIFICATE AND AGREEMENT

*In general, the Authority's obligations pursuant to the Tax Certificate should be limited. The Authority should make no covenants that are not required by the Internal Revenue Code to be made by the Authority. All required covenants should have equivalent covenants by the Borrower and indicate that the Authority is relying on the Borrower to actually perform those covenants (except to the extent the Internal Revenue Code expressly prohibits such reliance or such reliance is impossible based on the particulars of the Internal Revenue Code requirement (e.g. filing 8038 forms)). Any representations of the Authority should be made in reliance upon information provided by other parties (except the Authority can provide independently representations as to its governmental character or on such subjects as tax counsel indicates the Internal Revenue Code does not permit reliance). Tax counsel should indicate to the Authority each instance of a covenant or representation that the Authority is being asked to undertake independently. Following are provisions to be included in appropriate sections:

Expectations:

General

To the best of the knowledge and belief of the undersigned representative of the Authority, there are no other facts, estimates or circumstances that would materially change the expectations that are expressly stated to be the expectations of the Authority as set forth herein.

Regarding Use of Proceeds

The expectations of the Authority concerning certain uses of proceeds derived from the sale of the Bonds and certain other moneys described herein and other matters [except the representations of the Authority in section ____] are based in whole upon the certifications and representations of the Borrower, computations and representations of the Underwriter (set forth in Exhibit A hereto), representations of the Financial Advisor to the Borrower and representations of other parties set forth in this Tax Certificate and Agreement (other than the Authority) and in the exhibits hereto. The Authority is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation by the Authority made in this Tax Certificate and Agreement or in the exhibits hereto.

Records:

The only records that the Authority is obligated to retain are the transcripts for the Bonds.

Rebate Obligations:

The Borrower covenants that it will undertake to determine precisely what is required with respect to the rebate provisions contained in Section 148(f) of the Code and said regulations from time to time and will comply with any requirements that may be applicable to the Bonds. Except to the extent inconsistent with any requirements of the Code or the regulations or future regulations, the Borrower will undertake the methodology described in this Tax Certificate and Agreement.

Signature Block:

CALIFORNIA EDUCATIONAL FACILITIES
AUTHORITY

By: _____
Deputy Treasurer
For Chairman, State Treasurer [Treasurer's Name]

By: _____
Executive Director