

AMENDED SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Amended Settlement Agreement and Release of Claims, is entered into as of April 9, 2012 by and between the following Settling Parties: (1) Named Plaintiffs Franciscan Resident Advisory Committee (formerly known as Franciscan Mobile Home Owners for Justice), Rosendo Quinquini, Robert Quinn, Sandra Holman and Mamie Zhu (collectively, "Settling Named Plaintiffs"), individually and on behalf of the putative class described below as "Plaintiffs"; (2) Defendants LINC Housing Corporation, Corporate Fund for Housing, LINC Franciscan Limited Partnership, Franciscan Park, LLC, Franciscan Housing Corporation and Hunter L. Johnson (collectively, "LINC"); (3) Defendant Daly City Housing Development Finance Agency (the "Agency"); and (4) Defendant David Kenyon ("Kenyon"). The Settlement is intended by the Settling Parties to fully, finally and forever resolve, discharge and settle Plaintiffs' Released Claims and Defendants' Released Claims, upon and subject to the terms and conditions hereof.¹

I. RECITALS.

A. **WHEREAS**, on August 17, 2009, Plaintiffs' Counsel filed a petition on behalf of certain residents of the Franciscan Mobile Home Park (the "Park") against Franciscan Park, LLC, LINC Franciscan Limited Partnership and Pacific West Management, now known as Aldan Investment Company, Inc. ("PWM"), with the Mobile Home Rent Review Commission of the City of Daly City (the "2009 Rent Review Petition"). *Franciscan Park Tenants' Petition To Abate and Rescind Unreasonable and Arbitrary Rent Increase* (August 17, 2009). The 2009 Rent Review Petition challenged the rent increase of June 1, 2009 as unreasonable under Chapter 2.52 of the Daly City Municipal Ordinance. The Commission conducted a series of hearings on the 2009 Rent Review Petition beginning on March 23, 2010. On July 12, 2010, the Commission issued Findings and Decision, which determined the June 1, 2009 rent increase was reasonable. The Commission's Findings and Decision fully resolved the 2009 Rent Review Petition.

B. **WHEREAS**, on March 15, 2010, Settling Named Plaintiffs and Named Plaintiff Rory Mordinoia ("Mordinoia") filed a purported class action complaint against Defendants, Richard Berger ("Berger"), PWM and Franciscan Acquisition Corporation in the United States District Court for the Northern District of California (the "Federal Court Litigation"). *Franciscan Mobile Home Owners for Justice v. LINC Housing Corp.*, Case No. 10-cv-1087 (N.D. Cal.). The complaint was brought on behalf of a putative class of current and former residents of the Park. The complaint challenged certain actions allegedly taken with respect to the acquisition, financing and management of the Park. Specifically, the complaint alleged a violation of the Securities Exchange Act of 1934, fraud and deceit, conspiracy to commit fraud, negligent misrepresentation, breach of fiduciary duty, breach of contract, negligence, a violation of the Unfair Competition Law, involuntary dissolution of corporation, constructive trust, specific performance, a violation of the Welfare and Institutions Code and a violation of the Health and Safety Code.

¹ All capitalized terms are defined in paragraph II below, unless otherwise noted.

C. **WHEREAS**, on July 22, 2010, LINC, the Agency and Berger filed motions to dismiss the complaint in the Federal Court Litigation, in which PWM joined. In lieu of responding to the motions to dismiss, Settling Named Plaintiffs and Mordinoia filed an amended complaint on August 12, 2010. The amended complaint included additional factual allegations and a claim under the First Amendment of the U.S. Constitution. On August 29, 2010, LINC, the Agency and Berger filed motions to dismiss the amended complaint, in which PWM joined. On February 11, 2011, the court dismissed the amended complaint, with leave to amend for lack of federal subject matter jurisdiction. The court found that Settling Named Plaintiffs and Mordinoia did not have standing to bring a federal securities claim and had not stated a valid claim under the First Amendment. Settling Named Plaintiffs and Mordinoia did not file an amended complaint. Consequently, the court entered its final judgment dismissing the Federal Court Litigation on March 17, 2011.

D. **WHEREAS**, on April 1, 2011, Settling Named Plaintiffs and Mordinoia filed a putative class action complaint against Defendants, Berger, PWM and Franciscan Acquisition Corporation in the Superior Court for the County of San Mateo. *Franciscan Resident Advisory Committee v. LINC Housing Corp.*, Case No. 504495 (Sup. Ct. San Mateo) (the "State Court Litigation"). The complaint omits claims under the Securities Exchange Act of 1934 and the First Amendment and includes an additional claim for common law retaliation. In other respects, however, the State Court Litigation is based on the same factual allegations and legal assertions as the dismissed Federal Court Litigation.

E. **WHEREAS**, on May 6, 2011, Settling Named Plaintiffs and Mordinoia, LINC, the Agency, Berger and Kenyon participated in an in-person mediation with the Hon. Richard Hodge (Ret.). The mediation did not result in a resolution at that time.

F. **WHEREAS**, on May 25, 2011, Plaintiffs' Counsel filed a second petition on behalf of certain residents of the Park against Franciscan Park, LLC, Franciscan Housing Corporation, LINC Housing Corporation and Corporate Fund for Housing with the Mobile Home Rent Review Commission of the City of Daly City (the "2011 Rent Review Petition"). *Franciscan Park Residents' Petition To Rescind April 1, 2011 Unauthorized Rent Increase* (May 26, 2011). The 2011 Rent Review Petition challenges the rent increase of April 1, 2011 as unreasonable under Chapter 2.52 of the Daly City Municipal Ordinance. In light of the Settling Parties' efforts to reach a global settlement, on May 25, 2011, Plaintiffs' Counsel and counsel for respondents Franciscan Park, LLC, Franciscan Housing Corporation, LINC Housing Corporation and Corporate Fund for Housing requested the Commission continue the hearing on the 2011 Rent Review Petition. On June 10, 2011, the Commission granted an indefinite continuance of the 2011 Rent Review Petition.

G. **WHEREAS**, LINC has provided informal discovery to Plaintiffs' Counsel in connection with the 2009 Rent Review Petition and ongoing settlement negotiations.

H. **WHEREAS**, following the May 6, 2011 mediation with Judge Hodge, settlement discussions continued.

I. **WHEREAS**, although Settling Named Plaintiffs believe their claims have merit, they recognize and acknowledge the expense and length of continued proceedings

necessary to prosecute the Actions. Settling Named Plaintiffs have also taken into account the uncertain outcome and the risk of any litigation, as well as the difficulties and delays inherent in such litigation. Settling Named Plaintiffs are also mindful of the inherent problems of proof and possible defenses to the claims asserted in the Actions or which may be asserted. Based on their evaluation, Settling Named Plaintiffs and Plaintiffs' Counsel determined that the Settlement is in the best interests of Plaintiffs. Settling Named Plaintiffs and Plaintiffs' Counsel further believe that the Settlement confers substantial benefits upon Plaintiffs

J. **WHEREAS**, Defendants have denied and continue to deny each and all of the claims and contentions alleged in the Actions. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Actions. Defendants also have denied and continue to deny, *inter alia*, the allegations that Plaintiffs have suffered damage, or that Plaintiffs were harmed by the conduct alleged in the Actions or that Plaintiffs have any right of recovery or other relief whatsoever. Defendants assert that at all relevant times, they acted in good faith and in a manner consistent with applicable law.

K. **WHEREAS**, Defendants have also taken into account the litigation costs and burden to defend the Actions, as well as the uncertainty and risks inherent in any litigation. Defendants have determined that it is desirable and beneficial that the Actions and all of the Settling Parties' disputes relating thereto be fully and finally settled in a manner and upon the terms and conditions set forth in this Settlement. The Settlement shall not be construed, either in whole or in part, as evidence, or an admission or concession on the part of Defendants or any Released Persons, of any fault or liability.

L. **WHEREAS**, the Settling Parties have engaged in good faith, arms-length negotiations with the assistance of a respected mediator.

NOW, THEREFORE, the Settling Parties, in consideration of the benefits flowing to them from the Settlement, and subject to the approval of the Court, hereby agree that all Plaintiffs' Released Claims and Defendants' Released Claims shall be and hereby are fully and finally compromised, settled, released and discontinued and the Actions shall be dismissed with prejudice and without costs (except as defined herein) as to all Released Persons upon the terms and conditions herein.

II. DEFINITIONS.

A. "Actions" refers to the State Court Litigation and the 2011 Rent Review Petition.

B. "Agency" refers to the Daly City Housing Development Financing Agency.

C. "Class Notice" refers to written notice of settlement to Plaintiffs substantially in the form attached hereto as **Exhibit A-1**, as it may hereafter be modified by a written instrument signed on behalf of all the Settling Parties or their respective successors-in-interest.

D. "Court" refers to the court having jurisdiction over the State Court Litigation, at any stage of the litigation, currently the Superior Court of the State of California for the County of San Mateo.

E. "Defendants" refers to LINC, the Agency and Kenyon.

F. "Defendants' Released Claims" refers to any and all claims, including indemnification claims, demands, rights, liabilities, accountings, matters, issues, suits and causes of action of every nature and description whatsoever based upon, in whole or in part, any act, event or occurrence prior to the entry of Final Judgment, whether based on federal, state, local, statutory or common law or any other law, rule or regulation (whether foreign or domestic), including both known claims and Unknown Claims, accrued claims and not accrued claims, foreseen claims and unforeseen claims, matured claims and not matured claims, that have been or could have been or could be asserted in any forum or in the Actions by LINC or Kenyon against each other or their respective past, present, and future parents, affiliates, subsidiaries, divisions, predecessors, successors, partners, joint venturers, affiliated organizations, insurers, reinsurers and assigns and each of their past, present and future officers, directors, trustees, shareholders, agents, employees, attorneys, contractors, representatives, partners, joint venturers, divisions, units, branches and other persons or entities acting on their behalf, arising out of or relating in any way to any of the allegations, transactions, facts, disclosures, acts, matters or occurrences, statements, representations or omissions, or failures to act that were alleged or could have been or could be alleged in the Actions or closely related thereto, or any claims in connection with, based upon, or arising out of, or relating to the Settlement (but excluding any claims to enforce the terms of the Settlement). Nothing in this paragraph shall constitute a waiver of any claim or cause of action between Kenyon and non-party Philip A. Hoon.

G. "Disposition Agreement" refers to the agreement between Franciscan Park, LLC and FHC, as more fully set forth in paragraph III.A.2.d below.

H. "Exclusion Period" refers to the interval beginning with the date Class Notice is first mailed to Plaintiffs and ending forty-five (45) calendar days after the date of first mailing.

I. "FHC" refers to Franciscan Housing Corporation.

J. "Final Approval Order" refers to the Order of Final Approval of Settlement entered by the Court granting final approval of this settlement, substantially in the form attached hereto as **Exhibit B**, as it may hereafter be modified by agreement of the Settling Parties and approved by the Court.

K. "Final Effective Date."

1. "Effective Date" refers to the date by which all of the following have occurred: (i) the Court has granted the Settlement its final approval, as evidenced by the entry of the Final Approval Order; (ii) the Court has entered its Final Judgment of Dismissal of Class Action ("Final Judgment"), as evidenced by the entry of the Final Judgment; and (iii) the Court's judgment has become "Final" within the meaning of the next paragraph.

2. "Final" for purposes of the preceding paragraph refers to the latest of: (i) if there is a timely objection or intervention and an appeal is taken from the Court's Final Judgment, the date of final affirmance of the Final Judgment or dismissal of the appeal, and the expiration of the time for any additional review of the appeal to be filed, or, if such review is granted, the date of final affirmance of the Final Judgment following review pursuant to that grant; or (ii) if there is a timely objection or intervention, the last day on which an appeal of the Final Judgment could be taken by such objector or intervenor with no appeal having been filed; or (iii) if there is no timely objection or intervention and hence no appeal can be filed, the date on which the Court enters its Final Judgment.

3. "Final Effective Date" refers to the date all of the requirements of paragraphs II.K.1 and II.K.2 above are met.

L. "Final Judgment" refers to the Judgment of Dismissal of Class Action with Prejudice, substantially in the form attached hereto as **Exhibit C**, as it may hereafter be modified by agreement of the Settling Parties, entered by the Court in conjunction with the Final Approval Order.

M. "FRAC" refers to the Franciscan Resident Advisory Committee, as constituted pursuant to the terms of the Settlement.

N. "Loan Agreement" refers to the Amended and Restated Loan Agreement, as more fully set forth in paragraph III.A.2.d below.

O. "Original Regulatory Agreement" refers to the Regulatory Agreement and Declaration of Restrictive Covenants, as more fully set forth in paragraph X.A.1 below.

P. "Park" refers to the property commonly known as the Franciscan Mobile Home Park, consisting of 501 spaces and associated improvements, located at 700 Hoffman Street, Daly City, California, as more particularly described in the attached **Exhibit D**.

Q. "Person" refers to an individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

R. "Plaintiffs" refers to all current and former lessees of the Park, with lease agreements effective at any time between April 1, 2002 to April 9, 2012 (the "Class Period").

S. "Plaintiffs' Counsel" refers to Shelley S. Buchanan, Attorney at Law, 912 Cole Street, PMB #120, San Francisco, CA 94117.

T. "Plaintiffs' Released Claims" refers to any and all claims, demands, rights, liabilities, accountings, matters, issues, suits and causes of action of every nature and description whatsoever based upon, in whole or in part, any act, event or occurrence prior to the entry of Final Judgment, whether based on federal, state, local, statutory or common law or any

other law, rule or regulation (whether foreign or domestic), including both known claims and Unknown Claims, accrued claims and not accrued claims, foreseen claims and unforeseen claims, matured claims and not matured claims, that have been or could have been or could be asserted in any forum or in the Actions by any Releasing Person against any Released Person, provided that "Plaintiffs' Released Claims" shall not include any claims based on bodily injury or damage to mobile homes or other personal property unrelated to the allegations in the Actions.

U. "Preliminary Approval Order" refers to the Order Preliminarily Approving Settlement and Providing for Class Notice, substantially in the form attached hereto as **Exhibit E**, as it may hereafter be modified by agreement of the Settling Parties and approved by the Court.

V. "Regulatory Agreement" refers to the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, as more fully set forth in paragraph III.A.2.d below.

W. "Released Persons" refers to Defendants as well as their past, present, and future parents, affiliates, subsidiaries, divisions, predecessors, successors, partners, joint venturers, affiliated organizations, insurers, reinsurers and assigns and each of their past, present and future officers, directors, trustees, shareholders, agents, employees, attorneys, contractors, representatives, partners, joint venturers, divisions, units, branches and other persons or entities acting on their behalf. Nothing in this paragraph shall constitute a waiver of any claim or cause of action between Kenyon and non-party Philip A. Hoon.

X. "Releasing Persons" refers to Settlement Class Members and their respective heirs, beneficiaries, devisees, legatees, executors, administrators, trustees, conservators, guardians, personal representatives, successors-in-interest and assigns.

Y. "Settlement" refers to the settlement and compromise as provided in this Amended Settlement Agreement and Release of Claims.

Z. "Settlement Class" refers to all Plaintiffs who do not timely and validly exclude themselves from the class in compliance with the exclusion procedures set forth herein; "Settlement Class Member" refers to any member of the Settlement Class.

AA. "Settling Parties" refers to Settling Named Plaintiffs, individually and on behalf of Plaintiffs, and Defendants; "Settling Party" refers to any Settling Named Plaintiff or Defendant.

BB. "Settling Named Plaintiffs" refers to Franciscan Resident Advisory Committee (formerly known as Franciscan Mobile Home Owners for Justice), Rosendo Quinquini, Robert Quinn, Sandra Holman and Mamie Zhu.

CC. "Summary Class Notice" refers to summary written notice of settlement to Plaintiffs substantially in the form attached hereto as **Exhibit A-2**, as it may hereafter be modified by a written instrument signed on behalf of all the Settling Parties or their respective successors-in-interest.

DD. "Union Bank" refers to Union Bank of California, N.A.

EE. "Unknown Claims" refers to any of Plaintiffs' Released Claims or Defendants' Released Claims, which any Releasing Person or Defendant does not know or suspect to exist at the time of the release of the Released Person, and which, if known by him, her or it, might have affected his, her or its Settlement with and release of the Released Person, or might have affected his, her or its decision not to object to this Settlement.

III. PRINCIPAL TERMS OF THE SETTLEMENT.

A. As valuable consideration for this Settlement, LINC shall take the actions set forth below.

1. FRAC. LINC shall recognize FRAC as the organization with authority to select three (3) resident directors to the FHC board, pursuant to the terms and conditions of the Cooperation and Advisory Agreement, attached as **Exhibit F**. LINC and Settling Named Plaintiffs agree that the Settlement is contingent upon entry of the Final Approval Order by the Court determining, *inter alia*, that FRAC has authority to enter into the Settlement, that all members of the Settlement Class will be bound by the terms and conditions of this Settlement, the Final Approval Order, and the Final Judgment and that, by not excluding themselves in compliance with the procedures set forth above, Settlement Class Members will be specifically deemed to consent to LINC's recognition of FRAC as the organization with authority to select three (3) resident directors of FHC, pursuant to the terms and conditions of the Cooperation and Advisory Agreement.

2. FHC. LINC shall prepare an application for federal tax-exempt status for FHC and any subsequent application for state tax-exempt status in accordance with the terms and conditions of the Cooperation and Advisory Agreement. Except as expressly provided herein, the Settlement does not change any of the terms of the Cooperation and Advisory Agreement.

a. LINC shall prepare an application for tax-exempt status for FHC with the current FHC board structure and without membership interests for residents. Subject to approval of FHC, LINC shall submit the application for federal tax-exempt status to the Internal Revenue Service within sixty (60) calendar days of the entry of the Final Approval Order. Pursuant to the Cooperation and Advisory Agreement, costs and fees in connection with the application for federal or state tax-exempt status shall be borne by Franciscan Park, LLC.

b. LINC shall pursue federal and state tax-exempt status in a diligent manner and shall submit any and all additional information or amended applications in order to complete the application process. LINC shall timely disclose to Plaintiffs' Counsel all such information regarding the application and LINC's communications with the Internal Revenue Service and California Franchise Tax Board during the application process. In the event that the Internal Revenue Service or the California Franchise Tax Board denies tax-exempt status, LINC shall confer with Plaintiffs' Counsel regarding strategies for further appeal. However, LINC will not incur additional legal fees in connection with the involvement of Plaintiffs' Counsel in the

application process. Moreover, LINC and its counsel shall be the sole point of contact in responding to the Internal Revenue Service and California Franchise Tax Board.

c. The Settlement shall not be conditioned upon approval of tax-exempt status by the Internal Revenue Service or the California Franchise Tax Board.

d. In the event that FHC obtains federal and state tax-exempt status, Franciscan Park, LLC and FHC shall enter into a Disposition Agreement (“Disposition Agreement”) in the form of the attached **Exhibit G**, pursuant to which Franciscan Park, LLC shall agree to convey its fee interest and assign its leasehold interests in the land comprising the Park to FHC, and FHC shall agree to accept such conveyance, upon receipt by FHC of federal and state tax-exempt status, including, but not limited to, receipt of a determination letter from the Internal Revenue Service that FHC qualifies as a 501(c)(3) corporation for the purpose of owning the Park. The conditions precedent to Franciscan Park, LLC’s obligation to convey its fee interest and assign its leasehold interests in the land comprising the Park shall include (i) any conditions set forth or contemplated in the Cooperation and Advisory Agreement, the Amended and Restated Loan Agreement dated December 1, 2007 among the Agency, Union Bank, LINC Franciscan Limited Partnership and Franciscan Park, LLC (“Loan Agreement”), the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants dated December 1, 2007 and recorded on December 17, 2007 as Document No. 2007-176164 in the Official Records of San Mateo County among the Agency, Union Bank, LINC Franciscan Limited Partnership and Franciscan Park, LLC, (“Regulatory Agreement”), together with any of the loan documents associated with the Loan Agreement and the Regulatory Agreement, and (ii) any required third party approvals or consents to the transfer of interests, including, without limitation, by the Agency, Union Bank, the City of Daly City, or their successors and assigns, pursuant to the Loan Agreement, the Regulatory Agreement or any of the loan documents associated therewith, or by the current ground lessor under that certain ground lease dated September 10, 1969 by and between Marital Trust of the 1996 John A. Podesta and Marie C. Podesta Revocable Trust U/D/T dated July 31, 1996, Gary Podesta and Wayne Podesta, as successors in interest to Giovanni Podesta and Assunta Podesta (collectively “Ground Lessor”) and Franciscan Park, LLC, as successor in interest to John-Hutchins Assoc. (collectively, together with any and all amendments, modifications or supplements thereto, the “Ground Lease”).

e. In the event that FHC is denied or does not qualify for federal or state tax-exempt status, LINC shall not object to a conveyance of the fee and leasehold interest in the land comprising the Park to FRAC, provided that FRAC is able to first obtain federal and state tax-exempt status and satisfy the conditions precedent set forth in the Disposition Agreement, including without limitation the conditions specified in paragraph III.A.2.d above, and further provided that LINC does not incur additional legal fees in connection with the FRAC application for tax-exempt status. In the event that LINC is to convey the fee and leasehold interest in the land comprising the Park to FRAC, Franciscan Park, LLC and FRAC shall enter into the Disposition Agreement, in the form of the attached **Exhibit G**.

f. The Settlement shall not be conditioned upon receipt of approval or consent to the conveyance of the fee and leasehold interest in the land comprising the Park by

any third party, including without limitation, by Union Bank, the Agency, the City of Daly City, or the Ground Lessor pursuant to the Disposition Agreement or paragraphs III.A.2.d or III.A.2.e.

g. In the event that LINC conveys the fee and leasehold interest in the land comprising the Park pursuant to paragraphs III.A.2.d or III.A.2.e, LINC shall dissolve the Franciscan Park, LLC upon completion of the conveyance, final audit and final tax return for the last year of ownership.

3. Restrictive Use Covenant. Franciscan Park, LLC shall enter into and record in the Official Records of San Mateo County a restrictive use covenant in the form attached as **Exhibit H** (the "Restrictive Covenant"). This obligation is conditioned upon Franciscan Park, LLC receiving consent to entering and recording the Restrictive Covenant from the Ground Lessor with respect to the Leased Land (as defined in **Exhibit H**), and Union Bank and the Agency with respect to the Leased Land and the Owned Land (as defined in **Exhibit H**), in form and substance as appended in **Exhibit H** (each, a "Required Consent"). In the event that Franciscan Park, LLC receives Required Consents from Union Bank and the Agency, but not from the Ground Lessor, then the Restrictive Covenant shall be recorded against only the Owned Land. Franciscan Park, LLC's efforts to obtain the Required Consents shall be limited to making a request of the consenting party and providing the form of Restrictive Covenant and form of consent for consideration. Failure by any third party to respond to the request of Franciscan Park, LLC within thirty (30) calendar days shall constitute a refusal of the requested consent. Any denial of consent, or request or demand by the relevant consenting party to qualify its consent, or to require payment or other consideration in order to grant its consent, shall be deemed a denial of consent and shall relieve Franciscan Park, LLC from its obligation to enter into and record the Restrictive Covenant. For avoidance of doubt, the parties expressly agree the Settlement shall not be conditioned upon the receipt of Required Consent from the Ground Lessor, Union Bank or the Agency to enter into and record the Restrictive Covenant.

B. As a material inducement for Defendants to enter into this Settlement, FRAC represents and warrants that:

1. FRAC is the proper organization representing the current lessees, residents and occupants of the Park and FRAC has the authority to negotiate and enter into this Settlement on their behalf.

2. FRAC is bound by the requirements of the Cooperation and Advisory Agreement. In particular, FRAC shall conduct all future elections in compliance with the requirements set forth in the Cooperation and Advisory Agreement.

3. FRAC acknowledges and agrees that any changes to the Cooperation and Advisory Agreement are subject to, *inter alia*, approval by LINC and prior written consent of the City of Daly City. Likewise, FRAC agrees that any conveyance of the fee interest or leasehold interest in the land comprising the Park may be subject to the approval of third parties, including without limitation, the City of Daly City, Union Bank and the Agency. FRAC shall fully cooperate with and shall not object to or in any manner interfere with the determination as to the need for or any efforts to obtain those consents. FRAC further acknowledges and agrees that if the conveyance pursuant to paragraphs III.A.2.d or III.A.2.e does not occur for any

reason, FHC shall continue to serve only in its current capacity as an advisor to Franciscan Park, LLC or any successor owner of the fee and leasehold interest in the land comprising the Park.

4. Settling Named Plaintiffs agree to cause the Notice of Pendency of Action (Lis Pendens) which was recorded on December 2, 2010, as Document No. 2010-147652 in the Official Records of San Mateo County (the "Lis Pendens") to be removed and released of record. Without limitation of the foregoing, Settling Named Plaintiffs shall each duly execute (with appropriate acknowledgements by a notary public) and cause to be recorded in the Official Records of San Mateo County a Notice of Withdrawal of the Lis Pendens in compliance with California Code of Civil Procedure section 405.50, in the form as attached to **Exhibit H**. Settling Named Plaintiffs agree to promptly take any other action as may be required by a title company or any other third party to evidence the release of the Lis Pendens.

C. The Settling Parties expressly acknowledge and agree that:

1. The terms of this Settlement in no way affect or reduce the authority and discretion conferred upon the Agency, the City of Daly City or any of the City of Daly City's agencies or instrumentalities (collectively, "Daly City Organs"), to include, by way of example and not limitation, authority and discretion conferred by regulation, positive or decisional law, resolutions or ordinances of the City of Daly City, any document relevant to the issuance of the Mobile Home Park Revenue Bonds or any bonds, the Loan Agreement and the Regulatory Agreement. By way of example and not limitation, the Settling Parties agree that nothing in this Settlement purports to direct or could direct the Daly City Organs (1) to approve of or recognize FRAC as the proper organization representing the current lessees, residents and occupants of the Park or (2) to authorize a conveyance of any interest in the Park to FHC or to FRAC. Notwithstanding the foregoing, the Agency agrees that it will exercise reasonable diligence in assessing any proposed conveyance of the Park to FHC or to FRAC and in presenting any such proposed conveyance, to include its recommendations in respect of any such proposed conveyance, to the City Council of the City of Daly City.

2. The terms of this Settlement in no way affect or reduce the discretion enjoyed by any person appointed by any of the Daly City Organs to participate in the governance of FHC or any similar entity, or who participates in the governance of FHC or any similar entity by virtue of his or her employment with any of the Daly City Organs. By way of example and not limitation, the Settling Parties agree that nothing in this Settlement purports to direct such a person (1) to approve of or recognize FRAC as the proper organization representing the current lessees, residents and occupants of the Park or (2) to vote for or otherwise authorize a conveyance of any interest in the Park to FHC or to FRAC.

D. Settling Named Plaintiffs agree to take every reasonable measure to secure a dismissal with prejudice of Berger from the State Court Litigation immediately upon the execution of this Settlement by the Settling Parties. Settling Named Plaintiffs specifically agree in this regard (1) to move the Court presiding over the State Court Litigation within forty-eight hours of the execution of this Settlement by the Settling Parties for an order dismissing Berger from the State Court Litigation with prejudice and (2) to pursue such motion with reasonable diligence. The Settling Parties other than Settling Named Plaintiffs expressly agree not to oppose

such a motion or otherwise to act to delay or prevent the dismissal of Berger from the State Court Litigation.

IV. APPLICATION FOR COURT APPROVAL OF SETTLEMENT, CLASS CERTIFICATION, CLASS NOTICE AND FINAL APPROVAL HEARING.

Promptly upon the execution of this Settlement, Settling Named Plaintiffs shall apply to the Court for approval of the Settlement, including a Preliminary Approval Order, substantially in the form attached hereto as **Exhibit E**, preliminarily approving the Settlement under the legal standards relating to the preliminary approval of class action settlements; certifying the Settlement Class for settlement purposes only; approving the Class Notice substantially in the form attached hereto as **Exhibit A-1** and the Summary Class Notice substantially in the form attached hereto as **Exhibit A-2**; and setting a final approval hearing and briefing schedule.

V. CLASS NOTICE.

A. Mail. No later than ten (10) business days following entry of the Preliminary Approval Order, LINC shall send the Class Notice via first-class mail to current Park lessees at the lessee's address within the Park.

B. Publication. No later than ten (10) business days following entry of the Preliminary Approval Order, LINC shall publish the Summary Class Notice once in the San Mateo County Times.

C. Website. No later than ten (10) business days following entry of the Preliminary Approval Order, LINC shall post copies of the Class Notice and Settlement on the website for the Park. LINC's website posting of the Class Notice and Settlement shall be maintained through the date of the final approval hearing.

VI. BINDING EFFECT, EXCLUSION AND OBJECTION RIGHTS.

A. Right of Plaintiffs to be Excluded from the Settlement Class. Any Plaintiff other than Settling Named Plaintiffs may elect to be excluded from the Settlement Class, provided that such request for exclusion is made in writing; filed with the Court; mailed to counsel for the Settling Parties; and filed and postmarked on or before the end of the Exclusion Period. Such request for exclusion shall include the name, address and telephone number of the individual requesting exclusion; and shall be signed by the individual requesting exclusion. Any Plaintiff who timely requests exclusion in compliance with these requirements shall not have any rights under this Settlement; and shall not be bound by this Settlement, the Final Approval Order, or the Final Judgment.

B. Binding Effect on Settlement Class Members. Except for those Plaintiffs who exclude themselves in compliance with the procedures set forth above, all Plaintiffs will be deemed to be members of the Settlement Class for all purposes under this Settlement; will be bound by the terms and conditions of this Settlement, the Final Approval Order, the Final Judgment, and the releases set forth herein; and, except as provided in paragraph VI.C below,

will be deemed to have waived all objections and opposition to the fairness, reasonableness, and adequacy of the settlement.

C. Right of Settlement Class Members to Object. Any Settlement Class Member other than Settling Named Plaintiffs may object to this settlement, provided that such objection is made in writing; filed with the Court; mailed to counsel for the Settling Parties; and filed and postmarked on or before the end of the Exclusion Period. Such objection shall include the name, address and telephone number of the objector; shall clearly explain the specific basis for the objection; shall attach where appropriate all documentation that the objector contends supports the objection; and, if the objector is represented by counsel, shall provide the name and address of such counsel. Subject to the discretion of the Court, no Settlement Class Member who has not complied with the requirements of this paragraph may be heard at the final approval hearing held pursuant to paragraph VII.A of this Settlement.

D. Communication Between Counsel Regarding Objections and Exclusions. Upon receipt, counsel for the Settling Parties shall promptly exchange with one another copies of all objections, exclusions and/or challenges to the Settlement or to any part thereof.

E. Prohibition on Filing Complaints or Proceedings Pending Final Approval. From the date of entry of the Court's Preliminary Approval Order through the date of the final approval hearing, Plaintiffs shall be prohibited from initiating any lawsuit or other legal proceeding regarding any of Plaintiffs' Released Claims.

F. Covenant Not to Sue or Participate in Any Other Action. Subject to the Court's granting final approval, Settlement Class Members shall be forever barred from filing any other action or proceeding or participating either as a named plaintiff or as an unnamed class member in any other lawsuit or class action in any state or federal court or administrative tribunal regarding any of Plaintiffs' Released Claims.

VII. FINAL SETTLEMENT APPROVAL.

A. State Court Litigation. A hearing shall be held for the purpose of obtaining the Final Approval Order and entry of the Final Judgment granting dismissal of the class action and all claims with prejudice. The date of the hearing shall be set by the Court and notice of such shall be provided to Plaintiffs in the Class Notice and the Summary Class Notice, although such hearing may be continued by the Court without further notice to the Plaintiffs.

B. 2011 Rent Review Petition. Within five (5) calendar days after entry by the Court of the Final Approval Order, Plaintiffs' Counsel shall withdraw the 2011 Rent Review Petition.

VIII. SETTLEMENT TERMINATION.

A. Grounds for Settlement Termination. This Settlement may be terminated on any of the following grounds:

1. Either Plaintiffs' Counsel or any Defendant may terminate the Settlement if the Court declines to enter the Preliminary Approval Order, the Final Approval Order or the Final Judgment in substantially the form submitted by the Settling Parties, or the Settlement as agreed does not become final for any other reason.

2. The recovery of attorneys' fees and costs by Plaintiffs' Counsel are not conditions to the effectiveness of this agreement or the Settlement. The allowance or disallowance by the Court of an award of attorneys' fees will be considered by the Court separately from the Court's consideration of the fairness, reasonableness, adequacy and good faith of this settlement to the class. Any order or proceeding relating to the application by Plaintiffs' Counsel for an award of attorneys' fees and costs, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Settlement or affect or delay the finality of the Final Judgment and the Settlement and dismissal with prejudice of the class action as set forth herein.

3. LINC or Kenyon may, at their discretion, terminate the Settlement if twenty-five (25) or more Plaintiffs exclude themselves from the Settlement Class.

B. Procedures for Termination. To terminate this Settlement on one of the grounds specified above, the terminating party (*i.e.*, either Plaintiffs' Counsel or any Defendant) shall give written notice to the other Settling Parties no later than ten (10) business days after the Court acts (in the case of termination pursuant to paragraph VIII.A.1) or ten (10) business days after the later of the end of the Exclusion Period or the date the last exclusion request is received by counsel for LINC (in the case of termination under paragraph VIII.A.3).

C. Effect of Termination. Termination shall have the following effects:

1. The Settlement shall be terminated and shall have no force or effect, and no Settling Party shall be bound by any of its terms, except for those in paragraphs VIII and XI.

2. In the event the Settlement is terminated, no Defendant shall have any obligation to make any payment to any Settling Party, Plaintiff or attorney acting for another party (including attorneys' fees or costs).

3. The Preliminary Approval Order, and the Final Approval Order and Final Judgment, if any, including any order of class certification for settlement purposes, shall be vacated.

4. The Settlement and all negotiations, statements and proceedings relating thereto shall have no effect on the rights of the Settling Parties, each of whom shall be restored to their respective positions in the Actions prior to the settlement, including the uncertified nature of the putative class in the State Court Litigation.

5. Neither this Settlement, nor any ancillary documents, actions, statements or filings in furtherance the Settlement shall be admissible or offered into evidence in the Actions or any other action for any purpose whatsoever.

IX. SETTLEMENT PAYMENT.

A. In consideration of the compromises set forth herein, within thirty (30) calendar days after entry of the Final Approval Order, the insurer for Kenyon shall deliver to Plaintiffs' Counsel \$15,000.00 (fifteen-thousand dollars even), payable to the Franciscan Resident Advisory Committee, to be used solely for the purpose of establishing a fund to provide rental assistance payments based upon demonstrated need to low-income Park residents. No part of the \$15,000.00 shall be allocated to any other purpose, including attorneys' fees or litigation costs.

B. Plaintiffs' Counsel intends to seek an award of attorneys' fees and costs, solely to be paid by LINC, in an amount not to exceed \$100,000.00 (one hundred thousand dollars even), and LINC agrees not to oppose such a request. The award of attorneys' fees and costs is subject to the Court's discretion. Within thirty (30) calendar days after entry of the Final Approval Order, LINC will pay or cause to be paid the award of attorneys' fees and costs to Plaintiffs' Counsel. Plaintiffs' Counsel agrees that, if and when, as a result of any further order of the Court, appeal, further proceedings on remand, or successful collateral attack, the Settlement does not become Final, within ten (10) business days she shall refund and repay LINC the amount of any fee and expense award paid or caused to be paid by LINC.

X. RELEASE OF CLAIMS; WAIVER; ASSIGNMENT OF RIGHTS.

A. Plaintiffs' Release. Effective as of the Final Effective Date, the Releasing Persons shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled, released, discharged, extinguished, and dismissed with prejudice the Released Persons from all of Plaintiffs' Released Claims. The matters released herein include, but are not limited to:

1. any claims that Defendants made misrepresentations regarding the issuance of the Mobile Home Park Revenue Bonds - Franciscan Mobile Home Park Acquisition Project, the Regulatory Agreement and Declaration of Restrictive Covenants dated April 1, 2002 and recorded on April 18, 2002 as Document No. 2002-075989 in the Official Records of San Mateo County among the Agency, Union Bank and LINC Franciscan Limited Partnership ("Original Regulatory Agreement"), Contingent Lease Agreements or the acquisition of the Park in 2002;

2. any claims that Defendants made misrepresentations regarding the issuance of the Mobile Home Park Senior Revenue Refunding Bonds - Franciscan Mobile Home Park Acquisition Project, the Regulatory Agreement or the transfer of the Park in 2007;

3. any claims that LINC did not manage the Park in a financially sound manner, including, but not limited to, any claims that LINC imposed unreasonable rent increases, caused the Park to be assessed for an improper value, caused the Park to be improperly leveraged, made improper ground lease rental payments, made improper management fee payments to PWM, or was negligent in the payment of tax liabilities or penalties;

4. any claims that LINC failed to comply with the Original Regulatory Agreement or the Regulatory Agreement, provided that the Settlement does not affect any

obligation LINC may have to comply with the Regulatory Agreement after the Final Effective Date while LINC retains the fee and leasehold interest in the land comprising the Park;

5. any claims that LINC was required to transfer the Park pursuant to Revenue & Taxation Code Section 62.2;
6. any claims that LINC's actions caused the diminution in value of any residents' mobile home;
7. any claims that LINC retaliated against any resident of the Park;
8. any claims that LINC did not comply with the Original Regulatory Agreement or the Regulatory Agreement;
9. any claims that LINC breached the Cooperation and Advisory Agreement;
10. any claims that FRAC is not the proper organization to represent the lessees, residents and occupants of the Park pursuant to the Cooperation and Advisory Agreement;
11. any claims that Kenyon breached his fiduciary duty to any person or entity arising from or related to his role in the acquisition of the Park as alleged in the Complaint;
12. any claims that the compensation that Kenyon received arising from or related to his role in the acquisition of the Park was excessive; and
13. any claims for attorneys' fees, costs and/or pre-judgment interest against any of the Released Persons.

B. LINC and Kenyon's Release. Effective as of the Final Effective Date, LINC and Kenyon shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled, released, discharged, extinguished, and dismissed with prejudice each other and their respective past, present, and future parents, affiliates, subsidiaries, divisions, predecessors, successors, partners, joint venturers, affiliated organizations, insurers, reinsurers and assigns and each of their past, present and future officers, directors, trustees, shareholders, agents, employees, attorneys, contractors, representatives, partners, joint venturers, divisions, units, branches and other persons or entities acting on their behalf from all of Defendants' Released Claims. Nothing in this paragraph shall constitute a waiver of any claim or cause of action between Kenyon and non-party Philip A. Hoon.

C. Defendants' Release of Releasing Persons and Plaintiffs' Counsel. Effective as of the Final Effective Date, Defendants shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled, released, discharged, extinguished, and dismissed with prejudice Releasing Persons and Plaintiffs' Counsel from any and all claims, including any claims for attorneys' fees, indemnification claims, demands, rights, liabilities, accountings, matters, issues, suits and causes of action of every nature and description

whatsoever based upon, arising out of, or relating to the institution, prosecution, or Settlement of the Actions (except for any claims to enforce the Settlement), including both known claims and Unknown Claims, accrued claims and not accrued claims, foreseen claims and unforeseen claims, matured claims and not matured claims, that have been or could have been or could be asserted in any forum or in the Actions by any Defendant against Releasing Persons or Plaintiffs' Counsel.

D. Waiver of California Civil Code Section 1542. The Releasing Persons and Defendants acknowledge that they each may have Unknown Claims within the description of paragraph II.EE and that the release contained in this Settlement is intended to and will fully, finally, and forever discharge all such Unknown Claims, whether now asserted or unasserted to the extent they fall within the description of claims being released above.

ACCORDINGLY, EACH RELEASING PERSON AND DEFENDANT EXPRESSLY UNDERSTANDS AND AGREES TO WAIVE THE PROVISIONS OF, AND RELINQUISH ALL RIGHTS AND BENEFITS AFFORDED BY, CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES IN FULL AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Upon the Final Effective Date, the Releasing Persons and Defendants shall be deemed to have, and by operation of the Final Approval Order and Final Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any jurisdiction or any state or territory of the United States, or principle of common law, international or foreign law, which is similar, comparable or equivalent to California Civil Code §1542. The Releasing Persons and Defendants may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of Plaintiffs' Released Claims or Defendants' Released Claims, but, upon the Final Effective Date, each Released Person and Defendant shall expressly settle and release, and each Releasing Person shall be deemed to have, and by operation of the Final Approval Order and Final Judgment shall have, fully, finally, and forever settled and released, any and all Plaintiffs' Released Claims and Defendants' Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Releasing Persons and Defendants acknowledge that the foregoing waiver was separately bargained for and is a key element of the settlement of which this release is a part.

E. Reservation. Nothing in this waiver or Settlement shall be deemed to modify in any fashion the Daly City Housing Development Finance Agency Mobile Home Park

Fourth Tier Revenue Bond – Series D, the payment obligations contained therein, or the ability of any Series D Bond holder from claims or other action to enforce their terms.

F. Assignment. Settling Named Plaintiffs, for themselves and on behalf of the other Releasing Persons, represent and warrant that nothing which would otherwise be released herein has been assigned, transferred, or hypothecated or purportedly assigned, transferred or hypothecated.

XI. INADMISSIBILITY OF SETTLEMENT / DENIAL OF LIABILITY.

A. Denial of Liability. This Settlement is the result of a good faith compromise of disputed claims, and neither it nor any statement or conduct in furtherance of the settlement shall be offered or construed to be an admission or concession of any kind by any Settling Party. In particular, but without limiting the generality of the foregoing, nothing about this Settlement shall be offered or construed as an admission of liability, wrongdoing, impropriety, responsibility, or fault whatsoever by Defendants, which expressly deny any liability, wrongdoing, impropriety, responsibility or fault whatsoever. In addition, and also without limiting the generality of the foregoing, nothing about this Settlement shall be offered or construed as an admission or evidence of the propriety or feasibility of certifying a class in the State Court Litigation or any other action for adversarial, rather than settlement, purposes, and Defendants expressly reserve their position that, other than for purposes of this settlement, the State Court Litigation is not suitable for and should not be certified as a class action.

B. Inadmissibility of Settlement.

1. Neither the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Settlement: (a) is or may be deemed to be or may be offered, attempted to be offered or used in any way by the Settling Parties or any other Person as a presumption, a concession or an admission of, or evidence of, jurisdiction over, fault, wrongdoing or liability of the Released Person or of the validity of any Plaintiffs' Released Claims or Defendants' Released Claims; or (b) is intended by the Settling Parties to be offered or received as evidence or used by any other Person in any other actions or proceedings, whether civil, criminal or administrative, except as provided for in XI.B.2 below.

2. The Settling Parties and Released Persons may file the Settlement and/or the Final Approval Order and Final Judgment, and file or reference acts performed or documents executed pursuant to or in furtherance of the Settlement and/or the Final Approval Order and Final Judgment: (a) in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim; (b) in furtherance of the Settlement; and (c) in any action to enforce the Settlement.

XII. COMMUNICATIONS REGARDING SETTLEMENT.

A. No Publicity. Except as may be required by law, Plaintiffs' Counsel, Settling Named Plaintiffs and Defendants, and any consultant or other Person acting on their behalf, shall not do any of the following:

1. Except as provided in paragraph V.B, contact any representative of the media (including, but not limited to, the press, TV, radio, or Internet) or make any press release concerning the Actions, the claims made in the Actions, or any term of this Settlement, and if contacted by any representative of the media or press, will state only that the Actions have been satisfactorily resolved on mutually agreeable terms.

2. Except as provided in paragraph V.C, post any information or links to information concerning the Actions, the claims made in the Actions, or any term of this Settlement on any website or on any other form of advertisement, except that Defendants shall be permitted to follow its normal reporting requirements and processes regarding the Actions and the Settlement.

3. Nothing herein shall be construed to prevent Plaintiffs' Counsel or Defendants from communicating appropriately with Plaintiffs or their representatives in furtherance of the Settlement; or to prevent the Settling Parties or their representatives from communicating with their insurers, insurers' counsel, accountants or legal advisors regarding the Settlement.

B. Representations of Plaintiffs' Counsel. As a material inducement for Defendants to enter into this Settlement, Plaintiffs' Counsel represents and warrants that (a) she does not currently represent, nor is she currently aware of, any other current or former resident of the Park who is considering bringing or intends to bring a claim or claims similar to those asserted in the Actions, either individually or on behalf of the same purported class or any other group of Park residents; and (b) she is not actively seeking or encouraging any other current or former residents of the Park to bring or assert such claims.

C. Representations of Settling Named Plaintiffs. In addition, as a material inducement for Defendants to enter into this Settlement, Settling Named Plaintiffs represent and warrant that (a) they are not currently aware of any other current or former resident of the Park who is considering bringing or intends to bring a claim or claims similar to those asserted in the Actions, either individually or on behalf of the same purported class or any other group of current or former resident of the Park; (b) since being advised of the settlement discussions, they have not actively sought or encouraged any other current or former resident of the Park to bring or assert such claims; and (c) upon signing this Settlement, they will not, at any time in the future, seek or encourage any current or former resident of the Park to bring or assert any claim whatsoever against Defendants.

XIII. INTERIM STAY OF PROCEEDINGS.

Pending completion of the Settlement process, the Settling Parties agree to a stay of all proceedings in the Actions except such as are necessary to implement the Settlement itself.

XIV. NOTICES.

All notices, requests, demands and other communications required or permitted to be given pursuant to this Settlement shall be in writing and, except as provided elsewhere in this Settlement or in any communication to Plaintiffs, shall be delivered personally or via postage prepaid first-class mail as follows:

A. If to Settling Named Plaintiffs or Plaintiffs' Counsel, then to:

Shelley S. Buchanan, Esq.
Attorney at Law
912 Cole Street, PMB #120,
San Francisco, CA 94117
Tel. (415) 566-3526

B. If to LINC or counsel for LINC, then to:

Charlene S. Shimada, Esq.
Bingham McCutchen LLP
Three Embarcadero Center
San Francisco, CA 94111
Tel. (415) 393-2000

C. If to the Agency or counsel for the Agency, then to:

Ian Johnson, Esq.
Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street,
San Francisco, CA 94105
Tel. (415) 733-5700

D. If to Kenyon or counsel for Kenyon, then to:

Timothy J. Halloran, Esq.
Murphy, Pearson, Bradley & Feeney
88 Kearny Street, 10th Floor
San Francisco, CA 94108
Tel. (415) 788-1900

XV. RETENTION OF JURISDICTION BY THE COURT.

Following entry of Final Judgment pursuant to this Settlement, the Court shall retain jurisdiction for the purpose of addressing any issues which may arise with respect to Settlement administration or the enforcement of the terms of the Settlement.

XVI. ENTIRE AGREEMENT.

This Settlement including the associated Exhibits sets forth the entire agreement of the Settling Parties with respect to their subject matter and supersedes any and all other prior agreements and all negotiations leading up to the execution of this Settlement, whether oral or written, regarding the subjects covered herein. The Settling Parties acknowledge that no representations, inducements, promises or statements relating to the subjects covered herein, oral or otherwise, have been made by any of the Settling Parties or by anyone acting on behalf of the

Settling Parties which are not embodied or incorporated by reference herein, and further agree that no other agreement, covenant, representation, inducement, promise or statement relating to the subjects covered herein not set forth in writing in this Settlement have been entered into. Except as otherwise provided herein and subject to applicable indemnities and policies of insurance, each of the Settling Parties shall bear their own costs.

XVII. MODIFICATION OR AMENDMENT.

This Settlement may not be modified, amended or altered except in a writing signed by all the Settling Parties or their authorized legal representatives.

XVIII. CHOICE OF LAW.

This Settlement shall be governed by and construed, enforced and administered in accordance with the laws of the State of California, without regard to its conflicts-of-law rules.

XIX. CONSTRUCTION.

This Settlement is entered into freely and voluntarily, with each Settling Party having been represented by competent legal counsel in the settlement negotiations leading up to, and in connection with the preparation and execution of, this Settlement. The Settling Parties acknowledge and agree that they each had an equal hand in drafting this Settlement so that it shall not be deemed to have been prepared or drafted by one party or another. Each Settling Party waives the provisions of California Civil Code Section 1654, which provides, in pertinent part, that "the language of a contract should be interpreted most strongly against the Party who caused the uncertainty to exist."

XX. EXECUTION IN COUNTERPARTS.

This Settlement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

XXI. AUTHORITY.

The individuals signing this Settlement represent and warrant that they are duly authorized to do so. Plaintiffs' Counsel likewise represents and warrants that she is duly authorized by her clients to execute this Settlement and to take all appropriate action required and permitted to be taken by this Settlement.

XXII. REASONABLE COOPERATION.

Plaintiffs' Counsel, Settling Named Plaintiffs, Defendants and their counsel shall provide reasonable cooperation with one another in implementing this Settlement, including but not limited to providing information and executing documents necessary to effectuate its purpose.

XXIII. MISCELLANEOUS.

A. Headings. The headings in this Settlement are included for convenience only and shall not be given weight in its construction.

B. Exhibits. The Exhibits to this Settlement are material and integral parts hereof and are fully incorporated herein by this reference.

C. Signatures. Facsimile of pdf transmissions of the signatures of the Settling Parties or their representatives shall be binding on the Settling Parties.

D. Successors. The Settlement shall be binding upon, and inure to the benefit or, the successors and assigns of the Settling Parties and Released Person.

IN WITNESS WHEREOF, this Settlement has been duly executed by and on behalf of the Settling Parties as dated below.

DATED: 4/7/12

Franciscan Resident Advisory Committee

By: [Signature]

DATED: 4/7/12

[Signature]
Rosendo Quiniquini

DATED: 4/7/12

[Signature]
Robert Quinn

DATED: 4/7/12

[Signature]
Sandra Holman

DATED: 4/7/12

[Signature]
Mamie Zhu

DATED: _____

LINC Housing Corporation

By: _____

Hunter L. Johnson
President

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Rosendo Quinquini

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Robert Quinn

DATED: _____

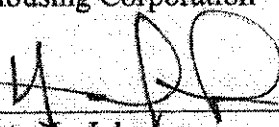
Sandra Holman

DATED: _____

Mamie Zhu

DATED: 7 April 12


LINC Housing Corporation

By:  _____

Hunter L. Johnson
President


DATED: 7 April 12

Corporate Fund for Housing

By: 
Hunter L. Johnson
President

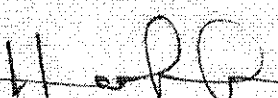
DATED: 7 April 12

LINC Franciscan Limited Partnership

By: 
Hunter L. Johnson
President, LINC Housing Corporation
General Partner


DATED: 7 April 12

Franciscan Park, LLC

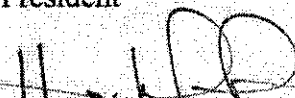
By: 
Hunter L. Johnson
President, Corporate Fund for Housing
Sole Member

DATED: 7 April 12

Franciscan Housing Corporation

By: 
Hunter L. Johnson
President

DATED: 7 April 12


Hunter L. Johnson

DATED: _____

Daly City Housing Development Finance Agency

By: _____

DATED: _____

Corporate Fund for Housing

By: _____

Hunter L. Johnson
President

DATED: _____

LINC Franciscan Limited Partnership

By: _____

Hunter L. Johnson
President, LINC Housing Corporation
General Partner

DATED: _____

Franciscan Park, LLC

By: _____

Hunter L. Johnson
President, Corporate Fund for Housing
Sole Member

DATED: _____

Franciscan Housing Corporation

By: _____

Hunter L. Johnson
President

DATED: _____

Hunter L. Johnson

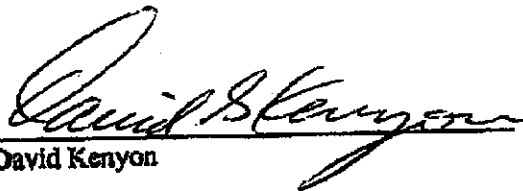
DATED: April 9, 2012

Daly City Housing Development Finance
Agency

By: Patricia E. Martel

Patricia E. Martel, Executive Director

DATED: 4/9/12


David Kenyon

DATED: _____

SHELLEY S. BUCHANAN, ESQ.
ATTORNEY AT LAW

By: _____
Shelley S. Buchanan, Esq.
Plaintiffs' Counsel

APPROVED AS TO
FORM & CONTENT:

BINGHAM McCUTCHEN LLP

By: _____
David M. Balabanian, Esq.
Charlene S. Shimada, Esq.
*Counsel for LINC Housing Corporation,
Corporate Fund for Housing, LINC
Franciscan Limited Partnership,
Franciscan Park, LLC, Franciscan
Housing Corporation and Hunter Johnson.*

APPROVED AS TO
FORM & CONTENT:

ORRICK, HERRINGTON & SUTCLIFFE
LLP

By: _____
Ian Johnson, Esq.
*Counsel for Dohy City Housing
Development Finance Agency and Richard
Berger*

DATED: _____

David Kenyon

DATED: Apr. 17, 2012

SHELLEY S. BUCHANAN, ESQ.
ATTORNEY AT LAW

By: Shelley Buchanan
Shelley S. Buchanan, Esq.
Plaintiffs' Counsel

APPROVED AS TO
FORM & CONTENT:

BINGHAM McCUTCHEN LLP

By: _____
David M. Balabanian, Esq.
Charlene S. Shimada, Esq.
*Counsel for LINC Housing Corporation,
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By: _____
Ian Johnson, Esq.
*Counsel for Daly City Housing
Development Finance Agency and Richard
Berger*

DATED: _____

David Kenyon

DATED: _____

SHELLEY S. BUCHANAN, ESQ.
ATTORNEY AT LAW

By: _____
Shelley S. Buchanan, Esq.
Plaintiffs' Counsel

APPROVED AS TO
FORM & CONTENT:

BINGHAM McCUTCHEN LLP

By: *Charlene S. Shimada*
~~David M. Balabanian, Esq.~~
Charlene S. Shimada, Esq.
*Counsel for LINC Housing Corporation,
Corporate Fund for Housing, LINC
Franciscan Limited Partnership,
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Ian Johnson, Esq.
*Counsel for Daly City Housing
Development Finance Agency and Richard
Berger*

DATED: _____

David Kenyon

DATED: _____

SHELLEY S. BUCHANAN, ESQ.
ATTORNEY AT LAW

By: _____
Shelley S. Buchanan, Esq.
Plaintiffs' Counsel


APPROVED AS TO
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By: _____
David M. Balabanian, Esq.
Charlene S. Shimada, Esq.
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Corporate Fund for Housing, LINC
Franciscan Limited Partnership,
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APPROVED AS TO
FORM & CONTENT:


ORRICK, HERRINGTON & SUTCLIFFE
LLP

By: 

Ian Johnson, Esq.
*Counsel for Daly City Housing
Development Finance Agency and Richard
Berger*

APPROVED AS TO
FORM & CONTENT:

MURPHY, PEARSON, BRADLEY &
FEENEY

By: 
Timothy J. Halloran, Esq.
Karen K. Strome, Esq.
Counsel for David Kenyon