

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 13D**  
Under the Securities Exchange Act of 1934  
(Amendment No. n/a )\*

**Alliance California Municipal Income Fund, Inc.**

---

(Name of Issuer)

**VARIABLE RATE MUNIFUND TERM PREFERRED SHARES**

---

(Title of Class of Securities)

**018547109**

---

(CUSIP Number)

**Bank of America Corporation Bank of America Corporate Center, 100 N. Tryon Street, Charlotte, North Carolina 28255**

---

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

**September 01, 2015**

---

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

---

<b>1</b>	<b>NAMES OF REPORTING PERSONS</b> <b>I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)</b> BANK OF AMERICA CORP /DE/ 56-0906609	
<b>2</b>	<b>CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP</b> (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
<b>3</b>	<b>SEC USE ONLY</b>	
<b>4</b>	<b>SOURCE OF FUNDS</b> WC	
<b>5</b>	<b>CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(e) or 2(f)</b> <input checked="" type="checkbox"/>	
<b>6</b>	<b>CITIZENSHIP OR PLACE OF ORGANIZATION</b> Delaware	
<b>NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH</b>	<b>7</b>	<b>SOLE VOTING POWER</b>
	<b>8</b>	<b>SHARED VOTING POWER</b> 1,605
	<b>9</b>	<b>SOLE DISPOSITIVE POWER</b>
	<b>10</b>	<b>SHARED DISPOSITIVE POWER</b> 1,605
<b>11</b>	<b>AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON</b> 1,605	
<b>12</b>	<b>CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES</b> <input type="checkbox"/>	
<b>13</b>	<b>PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)</b> 100%	
<b>14</b>	<b>TYPE OF REPORTING PERSON</b> HC	

<b>1</b>	<b>NAMES OF REPORTING PERSONS</b> <b>I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)</b> Banc of America Preferred Funding Corporation 75-2939570		
<b>2</b>	<b>CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP</b>		(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
<b>3</b>	<b>SEC USE ONLY</b>		
<b>4</b>	<b>SOURCE OF FUNDS</b> WC		
<b>5</b>	<b>CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(e) or 2(f)</b>		<input type="checkbox"/>
<b>6</b>	<b>CITIZENSHIP OR PLACE OF ORGANIZATION</b> Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	<b>7</b>	<b>SOLE VOTING POWER</b>	
	<b>8</b>	<b>SHARED VOTING POWER</b> 1,605	
	<b>9</b>	<b>SOLE DISPOSITIVE POWER</b>	
	<b>10</b>	<b>SHARED DISPOSITIVE POWER</b> 1,605	
<b>11</b>	<b>AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON</b> 1,605		
<b>12</b>	<b>CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES</b>		<input type="checkbox"/>
<b>13</b>	<b>PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)</b> 100%		
<b>14</b>	<b>TYPE OF REPORTING PERSON</b> CO		

**Item 1. Security and Issuer**

This Statement on Schedule 13D (this “Statement”) relates to the purchase of variable rate munifund term preferred shares (“VMTP Shares”) of Alliance California Municipal Income Fund, Inc. (the “Issuer” or the “Company”). This Statement is being filed by the Reporting Persons (as defined below) as a result of the purchase of VMTP Shares by BAPFC (as defined below). The Issuer’s principal executive offices are located at 1345 Avenue of the Americas, New York, New York 10105.

**Item 2. Identity and Background**

(a) This Statement is being filed on behalf of each of the following persons (collectively, the “Reporting Persons”):

- i. Bank of America Corporation (“BAC”)
- ii. Banc of America Preferred Funding Corporation (“BAPFC”)

This Statement relates to the VMTP Shares that were purchased for the account of BAPFC.

The address of the principal business office of BAC is:

Bank of America Corporate Center  
100 North Tryon Street  
Charlotte, North Carolina 28255

The address of the principal business office of BAPFC is:

214 North Tryon Street  
Charlotte, North Carolina 28255

BAC and its subsidiaries provide diversified global financial services and products. BAPFC is an indirect wholly owned subsidiary of BAC and the principal business of BAPFC is to make investments and provide loans to clients.

Information concerning each executive officer, director and controlling person (the “Listed Persons”) of the Reporting Persons is listed on Schedule I attached hereto, and is incorporated by reference herein. To the knowledge of the Reporting Persons, all of the Listed Persons are citizens of the United States, other than as otherwise specified on Schedule I hereto.

Other than as set forth on Schedule II, during the last five years, none of the Reporting Persons, and to the best knowledge of the Reporting Persons, none of the Listed Persons, have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or finding any violation with respect to such laws.

- (b)
- (c)
- (d)
- (e)
- (f)

**Item 3. Source and Amount of Funds or Other Consideration**

The aggregate amount of funds used by the Reporting Persons to purchase the securities reported herein was approximately \$40,125,000. The source of funds was the working capital of the Reporting Persons.

The Reporting Persons declare that neither the filing of this Statement nor anything herein shall be construed as an admission that such person is, for the purposes of Section 13(d) of the Exchange Act or any other purpose, (i) acting (or has agreed or is agreeing to act together with any other person) as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding or disposing of securities of the Company or otherwise with respect to the Company or any securities of the Company or (ii) a member of any group with respect to the Company or any securities of the Company.

**Item 4. Purpose of Transaction**

BAPFC has purchased the VMTP Shares for investment purposes. BAPFC acquired the VMTP Shares directly from the Company pursuant to a Purchase Agreement, dated September 1, 2015, between the Company and BAPFC (the “Purchase Agreement”) on their initial issuance for a purchase price of \$40,125,000.

The Reporting Persons have not acquired the subject securities with any purpose, or with the effect of, changing or influencing control of the issuer, or in connection with or as a participant in any transaction having that purpose or effect.

- (a)
- (b)
- (c)
- (d)
- (e)
- (f)
- (g)

- (h)
- (i)
- (j)

**Item 5. Interest in Securities of the Issuer**

- (a) (a) - (b) The responses of the Reporting Persons to Rows (7) through (11) of the cover pages of this Statement are incorporated herein by reference.
- (c) The responses of the Reporting Persons in Item 3 and Item 4 are incorporated herein by reference.
- (d) No other person is known by the Reporting Persons to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, VMTP Shares that may be deemed to be beneficially owned by the Reporting Persons.
- (e) Not applicable.

- (b)
- (c)

Transaction Date	Shares or Unites Purchased (Sold)	Price Per Share or Unit
------------------	-----------------------------------	-------------------------

- (d)
- (e)

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

The responses of the Reporting Persons to Item 4 are incorporated herein by reference. With respect to the VMTP Shares owned by BAPFC, on September 1, 2015, BAPFC assigned certain preferred class voting rights on the VMTP Shares to a voting trust (the "Voting Trust") created pursuant to the Voting Trust Agreement, dated September 1, 2015 among BAPFC, Lord Securities Corporation, as voting trustee (the "Voting Trustee") and Institutional Shareholder Services Inc. (the "Voting Consultant"). Voting and consent rights on the VMTP Shares not assigned to the Voting Trust have been retained by BAPFC. The Voting Trust provides that with respect to voting or consent matters relating to the voting rights assigned to the Voting Trust, the Voting Consultant analyzes such voting or consent matters and makes a recommendation to the Voting Trustee on voting or consenting. The Voting Trustee is obligated to follow any such recommendations of the Voting Consultant when providing a vote or consent. BAPFC has the right to cause the Company to register the VMTP Shares pursuant to a Registration Rights Agreement, dated September 1, 2015 between the Company and BAPFC.

**Item 7. Material to Be Filed as Exhibits**

Exhibit Description of Exhibit

- 99.1 Joint Filing Agreement
- 99.2 Limited Power of Attorney
- 99.3 Voting Trust Agreement
- 99.4 Registration Rights Agreement
- 99.5 Purchase Agreement

---

*Signature*

*After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.*

**BANK OF AMERICA CORPORATION**

September 03, 2015

By: /s/ Sun Kyung Bae  
Attorney-in-fact

**BANC OF AMERICA PREFERRED FUNDING CORPORATION**

September 03, 2015

By: /s/ Edward Curland  
Authorized Signatory

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative (other than an executive officer or general partner of the filing person), evidence of the representative's authority to sign on behalf of such person shall be filed with the statement: provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

**Footnotes:**

**Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001)**

---

---

**SCHEDULE I****EXECUTIVE OFFICERS AND DIRECTORS OF  
REPORTING PERSONS**

The following sets forth the name and present principal occupation of each executive officer and director of Bank of America Corporation. The business address of each of the executive officers and directors of Bank of America Corporation is Bank of America Corporate Center, 100 North Tryon Street, Charlotte, North Carolina 28255.

<u>Name</u>	<u>Position with Bank of America Corporation</u>	<u>Principal Occupation</u>
Brian T. Moynihan	Chairman of the Board, Chief Executive Officer, President and Director	Chairman of the Board, Chief Executive Officer and President of Bank of America Corporation
Dean C. Athanasia	President, Preferred and Small Business Banking and Co-Head Consumer Banking	President, Preferred and Small Business Banking, Co-Head Consumer Banking of Bank of America Corporation
Catherine P. Bessant	Chief Operations and Technology Officer	Chief Operations and Technology Officer of Bank of America Corporation
David C. Darnell	Vice Chairman, Global Wealth & Investment Management	Vice Chairman, Global Wealth & Investment Management of Bank of America Corporation
Paul M. Donofrio	Chief Financial Officer	Chief Financial Officer of Bank of America Corporation
Geoffrey Greener	Chief Risk Officer	Chief Risk Officer of Bank of America Corporation
Terrence P. Laughlin	Vice Chairman	Vice Chairman of Bank of America Corporation
Gary G. Lynch	Vice Chairman and Global General Counsel	Vice Chairman and Global General Counsel of Bank of America Corporation
Thomas K. Montag	Chief Operating Officer	Chief Operating Officer of Bank of America Corporation
Thong M. Nguyen	President, Retail Banking and Co-Head, Consumer Banking	President, Retail Banking and Co-Head Consumer Banking of Bank of America Corporation
Andrea B. Smith	Chief Administrative Officer	Chief Administrative Officer of Bank of America Corporation
Sharon L. Allen	Director	Former Chairman of Deloitte LLP
Susan S. Bies	Director	Former Member, Board of Governors of the Federal Reserve System
Jack O. Bovender, Jr.	Lead Independent Director	Former Chairman and Chief Executive Officer of HCA Inc.
Frank P. Bramble, Sr.	Director	Former Executive Officer, MBNA Corporation
Pierre de Weck <sup>1</sup>	Director	Former Chairman and Global Head of Private Wealth Management, Deutsche Bank AG
Arnold W. Donald	Director	President and Chief Executive Officer, Carnival Corporation & plc
Charles K. Gifford	Director	Former Chairman of Bank of America Corporation
Linda P. Hudson	Director	Chairman and CEO of The Cardea Group and Former President and Chief Executive Officer of BAE Systems, Inc.
Monica C. Lozano	Director	Chair of the Board, US Hispanic Media Inc.
Thomas J. May	Director	Chairman, President and Chief Executive Officer of Eversource Energy
Lionel L. Nowell, III	Director	Former Senior Vice President and Treasurer, PepsiCo Inc.
R. David Yost	Director	Former Chief Executive Officer of AmerisourceBergen Corp.

<sup>1</sup> Mr. de Weck is a citizen of Switzerland.

The following sets forth the name and present principal occupation of each executive officer and director of Banc of America Preferred Funding Corporation. The business address of each of the executive officers and directors of Banc of America Preferred Funding Corporation is 214 North Tryon Street, Charlotte, North Carolina 28255.

<u>Name</u>	<u>Position with Banc of America Preferred Funding Corporation</u>	<u>Principal Occupation</u>
John J. Lawlor	Director and President	Managing Director, Municipal Markets and Public Sector Banking Executive of Merrill Lynch, Pierce, Fenner & Smith, Incorporated and Bank of America, N.A.
Margaret Scopelianos	Director and Managing Director	Managing Director, Public Sector Banking Executive of Bank of America, National Association
Edward J. Sisk	Director and Managing Director	Managing Director, Public Finance Executive of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A.
Edward H. Curland	Director and Managing Director	Managing Director, Municipal Markets Executive for Trading of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A.
David A. Stephens	Director and Managing Director	Managing Director, Executive for Public Finance and Public Sector Credit Products of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A.
James E. Nacos	Managing Director	Managing Director, Municipal Markets Senior Trader of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A.
Mona Payton	Managing Director	Managing Director, Municipal Markets Executive for Short-Term Trading of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A.
John B. Sprung	Director	Corporate Director

## Litigation Schedule

MLPF&S SEC MCDC Order 6/18/2015

The Securities and Exchange Commission (“SEC”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Merrill Lynch, Pierce, Fenner & Smith, Incorporated (“MLPF&S”). MLPF&S willfully violated section 17(a)(2) of the Securities Act. MLPF&S, a registered broker-dealer, conducted inadequate due diligence in certain offerings and as a result, failed to form a reasonable basis for believing the truthfulness of the assertions by these issuers and/or obligors regarding their compliance with previous continuing disclosure undertakings pursuant to Rule 15c2-12. This resulted in MLPF&S offering and selling municipal securities on the basis of materially misleading disclosure documents. The violations were self-reported by MLPF&S to the SEC pursuant to the Division of Enforcement’s (the “Division”) Municipalities Continuing Disclosure Cooperation (MCDC) initiative. The MLPF&S shall cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act, pay a civil money penalty in the amount of \$500,000 and comply with the undertakings enumerated in the offer of settlement.

MLPF&S Regulation SHO Settlement 6/01/2015

On June 1, 2015, Merrill Lynch, Pierce, Fenner & Smith Incorporated and an affiliate (the “Firms”) pursuant to an SEC administrative order (the “SHO Order”), were ordered to cease and desist from violations of Rule 203(b) of Regulation SHO under the Securities Exchange Act of 1934 (the “Exchange Act”) arising from practices related to execution of short sales. The Firms acknowledged that they violated Rule 203(b) of Regulation SHO in connection with their practices related to execution of short sales. The Firms agreed in the SHO Order to (1) cease and desist from committing or causing any violations and any future violations of Rule 203(b) of Regulation SHO; (2) be censured; (3) pay disgorgement of \$1,566,245.67 plus prejudgment interest; (4) pay a civil monetary penalty of \$9 million; and (5) comply with certain undertakings, including retaining an independent consultant within thirty (30) days of entry of the SHO Order to conduct a review of the Firms’ policies, procedures and practices with respect to their acceptance of short sale orders for execution in reliance on the ETB List and procedures to monitor compliance therewith to satisfy certain of their obligations under Rule 203(b) of Regulation SHO.

BANA Servicemembers Civil Relief Act Settlement 5/29/2015

On May 29, 2015, the Comptroller of the Currency (“OCC”) issued an Order to Cease and Desist and Order of Assessment of a Civil Money Penalty (together, the “Orders”) against Bank of America, N.A. (“BANA”) relating to the Servicemembers Civil Relief Act (“SCRA”) and BANA’s sworn document and collections litigation practices. In the Orders, the OCC identified (i) unsafe or unsound practices in connection with BANA’s efforts to comply with the SCRA, (ii) SCRA violations, and (iii) unsafe or unsound practices in connection with BANA’s sworn document and collections litigation practices. Regarding the SCRA, the Orders stated BANA failed to have effective policies and procedures to ensure compliance with SCRA; failed to devote sufficient financial, staffing, and managerial resources to ensure proper administration of its SCRA compliance processes; failed to devote to its SCRA compliance processes adequate internal controls, compliance risk management, internal audit, third party management, and training; and engaged in violations of the SCRA. Regarding the sworn document and collections litigation process, the Orders stated that BANA filed or caused to be filed in courts affidavits executed by its employees or employees of third party service providers making assertions that, in many cases, were not based on personal knowledge or review of relevant books and records; filed or caused to be filed in court affidavits when BANA did not follow proper notary procedures; failed to devote sufficient financial, staffing, and managerial resources to ensure proper administration of its sworn document and collections litigation processes; and failed to sufficiently oversee outside counsel and other third-party providers handling sworn document and collections litigation services. In the Orders, BANA agreed to pay a civil money penalty in the total amount of \$30 million, has begun corrective action, and is committed to taking all necessary and appropriate steps to remedy the deficiencies, unsafe or unsound practices, and violations of law identified by the OCC, and to enhance its SCRA compliance practices and sworn document and collections litigation practices. Specifically, BANA agreed to: (a) appoint and maintain a compliance committee to monitor and oversee BANA’s compliance with the Orders and to approve measures to ensure compliance; (b) submit an acceptable plan containing a complete description of the actions to achieve compliance with the Orders; (c) submit a written plan to effectively implement an enterprise-wide compliance risk management program regarding compliance with all applicable laws, regulations, and regulatory guidance; (d) conduct a written, comprehensive assessment of its risk in SCRA compliance operations, including but not limited to, operational, compliance, legal, and reputational risks; (e) submit acceptable written plans to ensure its compliance with the SCRA and with regard to collections litigation; (f) submit plans to conduct a SCRA review and a collections litigation review of accounts, SCRA and collections litigation remediation, and SCRA internal audit; (g) submit policies and procedures for SCRA third party management and improvements to its management information systems for SCRA compliance activities, and to provide certain reports to the compliance committee; (h) submit written plans, programs, policies, and procedures required by the Orders; and (i) submit a written progress report dealing the form and manner of all actions taken to secure compliance with the provision of the Orders and the results thereof. In settlement of this matter, BANA consented and agreed to the issuance of the Orders, which the OCC has determined to accept and has issued. BANA neither admits nor denies the findings in the Orders.

BAC Foreign Exchange Settlement 5/20/2015

On May 20, 2015, the Board of Governors of the Federal Reserve System (“FRB”) issued an Order to Cease and Desist and Order of Assessment of a Civil Money Penalty against Bank of America Corporation (“BAC”) relating to its foreign exchange (“FX”) activities (“Order”) from 2008 through 2013. The Order states that (a) BAC lacked adequate firm-wide governance, risk management, compliance and audit policies and procedures to ensure that certain of the firm’s FX activities complied with safe and sound banking practices, applicable U.S. laws and regulations, including policies and procedures to prevent potential violations of the U.S. commodities, antitrust and criminal fraud laws, and applicable internal policies; (b) BAC’s deficient policies and procedures prevented BAC from detecting and addressing periodic conduct by Bank of America, N.A.’s traders relating to certain communications by these traders; and (c) as a result of deficient policies and procedures described above, BAC engaged in unsafe and unsound banking practices. In the Order, BAC agreed to pay a civil money penalty in the total amount of \$205 million and continue to implement additional improvements in its internal controls, compliance, risk management, and audit programs for the FX activities in order to comply with BAC policies, safe and sound banking practices, and applicable U.S. laws/regulation. Specifically, BAC agreed: (a) BAC shall submit a written plan to improve senior management’s oversight of BAC’s compliance with applicable U.S. laws/regulations and internal policies in connection with certain wholesale trading and sales activities; (b) BAC shall submit an enhanced written internal controls and compliance program to comply with applicable U.S. laws/regulations with respect to certain wholesale trading and sales activities; (c) BAC shall submit a written plan to improve its compliance risk management program with regard to compliance with applicable U.S. laws/regulations with respect to certain wholesale trading and sales activities; (d) BAC management shall annually conduct a review of compliance policies and procedures applicable to certain wholesale trading and sales activities and their implementation and an appropriate risk-focused sampling of other key controls for certain wholesale trading and sales activities; (e) BAC shall submit an enhanced written internal audit program with respect to compliance with U.S. laws/regulations in certain wholesale trading and sales activities; and (f) BAC shall not in the future directly or indirectly retain any individual as an officer, employee, agent, consultant, or contractor of BAC or of any subsidiary who, based on the investigative record compiled by U.S. authorities, participated in the misconduct underlying the Order, has been subject to formal disciplinary action as a result of BAC’s internal disciplinary review or performance review in connection with the conduct, and has either separated from BAC or any subsidiary thereof or had his/her employment terminated in connection with the conduct. In settlement of this matter, BAC consented and agreed to the issuance of the Order, which the FRB has determined to accept and has issued.

Massachusetts Securities Division Consent Order 3/23/2015

This Massachusetts Securities Division (the “Division”) consent order addressed allegations that MLPF&S violated the Massachusetts Uniform Securities Act (the “Act”) and Code of Massachusetts Regulations (the “Regulations”) resulting from its use of an unapproved internal presentation given to its financial advisors. Without admitting or denying the allegations, MLPF&S agreed to cease and desist from conduct in violation of the Act and the Regulations, agreed to be censured by the Division, agreed to pay an administrative fine of \$2,500,000, and agreed to conduct a review of MLPF&S’s policies and procedures for the review and approval of internal-use materials, identify changes or enhancements that will be made to these MLPF&S policies and procedures, and provide a report to the Division.

MLPF&S New Hampshire Consent Order 12/29/2014

The New Hampshire Bureau of Securities Regulation (the “Bureau”) determined that, in violation of New Hampshire law, MLPF&S’s agents licensed in New Hampshire placed telemarketing calls to New Hampshire residents who were not clients of MLPF&S at the time of the calls and whose numbers appeared on MLPF&S’s internal do not call list or on



the FTC's National Do Not Call Registry. Further during the course of its investigation, the Bureau determined that MLPF&S did not reasonably supervise the telemarketing activities of its agents licensed in New Hampshire. Without admitting or denying the facts or allegations, MLPF&S consented to the entry of the Consent Order and consented to (i) cease and desist from further violations of N.H. RSA 421-B, (ii) pay the Bureau's cost of investigation in the amount of \$50,000, (iii) pay an administrative fine of \$350,000, and (iv) comply with all other undertakings and sanctions. Since the initiation of the Bureau's investigation, MLPF&S agreed to and completed enhancements and provided evidence to the Bureau of the completed enhancements to its telemarketing policies and procedures.

#### BOAMS Injunctive Action 11/25/2014

On November 25, 2014, the U.S. District Court for the Western District of North Carolina issued a Final Judgment as to MLPF&S and other entities, including Bank of America, National Association ("BANA") (collectively the "Entities") (the "SEC Final Judgment") in the civil injunctive action for which a complaint was filed by the Securities and Exchange Commission on August 6, 2013 against the Entities (the "SEC Complaint"). The SEC Complaint alleged that the Entities made material misrepresentations and omissions in connection with the sale of Residential Mortgage-Backed Securities ("RMBS"). Specifically, the SEC Complaint alleged that the Entities failed to disclose the disproportionate concentration of wholesale loans underlying the RMBS as compared to prior RMBS offerings. The SEC Complaint also alleged that the concentration of wholesale loans in the RMBS included higher likelihood that the loans would be subject to material underwriting errors, become severely delinquent, fail early in the life of the loan, or prepay. The SEC Complaint further alleged that the entities violated Regulation S-K and Subpart Regulation AB of the Securities Act of 1933 by failing to disclose material characteristics of the pool of loans underlying the RMBS, that the Entities made material misrepresentations and omissions in their public files and in the loan tapes provided to investors and rating agencies, and that Entities not including BANA violated section 5(b)(1) of the Securities Act by failing to file with the SEC certain loan tapes that were provided only to select investors. The Entities consented to the entry of the SEC Final Judgment without admitting or denying the allegations in the SEC Complaint. The SEC Final Judgment states that the Entities are permanently restrained and enjoined from violating Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933, and jointly and severally liable for disgorgement of \$109,220,000, prejudgment interest of \$6,620,000 and a civil penalty of \$109,220,000 (together the "Funds"); the District Court retained jurisdiction over the administration of any distribution of the Funds.

#### BANA OCC Foreign Exchange Settlement 11/11/2014

On November 11, 2014, the Office of the Comptroller of the Currency of the United States of America ("OCC") issued a Consent Order and a Consent Order for the Assessment of a Civil Money Penalty against BANA related to its foreign exchange (FX) business ("Orders") from 2008 through 2013. The OCC found, and BANA neither admitted nor denied, that BANA had deficiencies in its internal controls and had engaged in unsafe or unsound banking practices with respect to the oversight and governance of BANA's FX trading business such that the bank failed to detect and prevent certain conduct. Specifically, the OCC found that: a) BANA's compliance risk assessment lacked sufficient granularity and failed to identify the risks related to sales, trading and supervisory employees in that business ("Employee"); b) BANA's transaction monitoring and communications surveillance lacked an adequate analysis of risk-behavior related to Employee market conduct in its wholesale foreign exchange business where it is acting as principal ("FX Trading"); c) BANA's compliance testing procedures were inadequate to measure adherence to its standards of Employee conduct and firm policies applicable to Employee market conduct in FX Trading; and d) BANA's risk assessment and coverage of the FX trading business needed improvement to identify and mitigate compliance risks related to Employee market conduct; e) BANA's customer information controls were inadequate regarding the WM/Reuters order book to prevent the misuse of customer information; f) BANA's risk and profitability reporting was inadequate to identify potential Employee market misconduct in FX Trading; and g) BANA's FX business supervision routines were inadequate because they created "gaps" in the Employee market conduct supervisory framework. In the Orders, BANA agreed to make a payment of a civil money penalty in the total amount of \$250 million. Also, BANA committed (and had already begun) taking all necessary and appropriate steps to remedy the deficiencies and unsafe or unsound practices identified by the OCC and has begun implementing procedures to remediate the practices addressed in the Orders. Specifically, BANA agreed to: a) maintain a board compliance committee responsible for monitoring and coordinating BANA's compliance with the provisions in the Orders; b) submit to the OCC an action plan describing the actions that are necessary and appropriate to achieve compliance with certain aspects of the Orders; c) submit an acceptable oversight and governance written plan to provide for certain management oversight and governance relating to Employee market conduct in FX Trading; d) submit an acceptable compliance risk assessment written plan to provide for a compliance risk assessment sufficiently granular to identify risks related to Employee market conduct in FX Trading; e) submit an acceptable monitoring and surveillance written plan to provide for appropriate monitoring and communications surveillance related to Employee market conduct in FX Trading; f) submit an acceptable compliance testing written plan to provide for appropriate compliance testing related to Employee market conduct in FX Trading; g) submit an acceptable internal audit written plan for the internal audit program to adequately address Employee market conduct in FX Trading; and h) submit an acceptable other trading activities written plan to ensure that BANA proactively uses a risk-based approach to apply Employee market conduct remedial measures in the Orders to other wholesale trading as principal for the BANA and benchmark activities as appropriate and defined in the BANA's written plan.

#### BAC Regulatory Capital Overstatements 9/29/2014

The Securities and Exchange Commission ("Commission") alleged that BAC, as part of its regulatory capital calculations, failed to deduct certain realized losses on certain structured notes and other financial instruments (the "Notes") issued by Merrill Lynch & Co., Inc. ("ML&Co.") that BAC assumed or acquired as part of its acquisition of ML&Co. and, therefore, BAC overstated its regulatory capital in its Form 10-Q filings from 2009-2014 and in its Form 10-K filings for financial years 2009-2013. The Commission alleged that BAC violated Section 13(b)(2)(A) and (B) of the Exchange Act. On September 19, 2014, BAC, without admitting or denying the Commission's findings, except as to the Commission's jurisdiction over it and the subject matter of the proceedings, agreed to (1) cease and desist from committing or causing any violations and any future violations for Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and (2) pay a civil money penalty of \$7,650,000. The Commission noted that BAC self identified and self reported the overstatements and the Commission noted that BAC had provided substantial cooperation to the Commission staff. The Commission also noted that BAC had voluntarily undertaken steps to remediate and address, among other things, the inadequate books and records and internal accounting control deficiencies that were the subject of the proceeding.

#### BAC Mortgage Obligations SEC Administrative Proceeding 8/21/2014

The Securities and Exchange Commission ("Commission") alleged that BAC failed to make required disclosures in the Management's Discussion and Analysis and Results of Operations ("MD&A") sections of periodic filings, related to known uncertainties as to whether certain costs related to loans BAC would ultimately be required to repurchase from certain insurers would have a material effect on BAC's future income from continuing operations. The Commission alleged that BAC violated Section 13(a) of the Exchange Act and Rules 12b-20 and 13a-13 thereunder. BAC agreed to (1) cease and desist from committing or causing any violations and any future violations of Section 13(a) of the Exchange Act and Rules 12b-20 and 13a-13 promulgated thereunder; and (2) pay a civil money penalty of \$20 million. In addition, BAC admitted to certain facts set out in an annex to the Administrative Order, acknowledged that its conduct set forth in the annex to the Administrative Order violated the federal securities law and admitted to the Commission's jurisdiction over it and the subject matter of the proceedings.

#### MLPF&S Blue Sheet AWC 6/04/2014

Without admitting or denying the findings, MLPF&S consented to a fine of \$1,000,000, a censure, certain undertakings, and to the entry of findings that it submitted at least 5,323 inaccurate blue sheets to various securities regulators, including the SEC and FINRA. The findings stated that the inaccurate blue sheets failed to include customer names and addresses for trades made on the day the customer opened a firm account. Between 2008 and January 2014, a trade could occur in a new customer's account before the customer's name and address data was fully populated. In such instances, MLPF&S listed "no name" on the blue sheets associated with such trades. As a result of this problem, MLPF&S submitted at least 2,980 inaccurate blue sheets to the SEC; 1,538 inaccurate blue sheets to FINRA; 733 inaccurate blue sheets to NYSE; and 72 inaccurate blue sheets to other regulators. The findings also stated that MLPF&S failed to have in place an audit system reasonably providing for accountability of its blue sheet submissions and designed to ensure compliance with federal securities laws. MLPF&S agreed to conduct a review of its policies, systems, and procedures (written or otherwise) relating to its compilation and submission of blue sheet data and the audit deficiencies addressed in the Acceptance, Waiver & Consent ("AWC").

#### BANA/FIA CFPB Consent Order 4/7/2014

On April 7, 2014, the Consumer Financial Protection Bureau ("CFPB") issued a Consent Order against Bank of America, National Association ("BANA") and FIA Card Services, National Association. The Order identified deficiencies in connection with fulfillment of customer processing concerning the provision of identity theft protection products as well as vendor and risk management protocols concerning so-called "add-on" products. In addition, the CFPB identified what it alleged were deceptive statements in connection with

the marketing and sale of credit card debt cancellation products. Without admitting or denying any findings of fact or violations of law or wrongdoing, BANA and FIA Card Services, National Association consented to a civil monetary penalty of \$20,000,000 and to cease and desist from engaging in further violations of law in connection with the marketing and administration of credit protection products and the billing and administration of identity protection products. Further, the Consent Order requires a restitution plan to be submitted to the CFPB and, following approval, the provision of restitution to borrowers. In addition, the Consent Order requires the submission of enhanced vendor management policies; enhanced risk management policies and procedures; and enhanced internal audit reviews of add-on products to assess Unfair, Deceptive, or Abusive Acts or Practices ("UDAAP") risk.

#### BANA/FIA OCC Consent Order 4/7/2014

On April 7, 2014, the OCC issued a Consent Order against BANA and FIA Card Services, National Association. The Order identified deficiencies in connection with fulfillment of customer processing concerning the provision of identity theft protection products as well as vendor and risk management protocols concerning so-called "add-on" products. Without admitting or denying the findings, BANA and FIA Card Services, National Association consented to a civil monetary penalty of \$25,000,000. Further, the Consent Order requires a restitution plan to be submitted to the OCC and, following approval, the provision of restitution to borrowers. In addition, the Consent Order requires the submission of enhanced vendor management policies; enhanced risk management policies and procedures; and enhanced internal audit reviews of add-on products to assess Unfair, Deceptive, or Abusive Acts or Practices ("UDAAP") risk.

#### BAC NYAG Settlement 3/25/2014

On February 4, 2010, the New York Attorney General filed a civil complaint in the Supreme Court of New York State, entitled People of the State of New York v. Bank of America, et al. The complaint named as defendants BAC and BAC's former chief executive and chief financial officers, Kenneth D. Lewis, and Joseph L. Price, and alleged violations of Sections 352, 352-c(1)(a), 352-c(1)(c), and 353 of the New York Martin Act, and Section 63(12) of the New York Executive Law. The complaint attacked the sufficiency and accuracy of Bank of America's disclosures and its practices related to practices related to Bank of America's merger with Merrill Lynch & Co., Inc. (the "Merger"), including: (i) the disclosure of Merrill Lynch & Co., Inc.'s financial condition and its interim and projected losses during the fourth quarter of 2008, (ii) BAC's contacts with federal government officials regarding the BAC's consideration of invoking the material adverse effect clause in the merger agreement with Merrill Lynch & Co., Inc. and the possibility of obtaining additional government assistance, (iii) the disclosure of the payment and timing of year-end incentive compensation to Merrill Lynch & Co., Inc. employees, and (iv) public statements regarding the due diligence conducted in connection with the Merger and positive statements regarding the Merger. The complaint sought an unspecified amount in disgorgement, penalties, restitution, and damages, costs and other equitable relief, although the NYAG withdrew its demand for damages. On March 25, 2014, BAC entered into a settlement agreement terminating the New York Attorney General's lawsuit against BAC. BAC agreed to pay the New York Attorney General \$15,000,000 (as costs of investigation and subsequent litigation) as well as making several corporate governance changes.

#### MLPF&S CDO Settlement 12/12/2013

Pursuant to an Offer of Settlement made by MLPF&S, on December 12, 2013 the SEC issued an order ("Order") stating that MLPF&S violated the federal securities laws in connection with its structuring and marketing of a series of collateralized debt obligation transactions ("CDOs") in 2006 and 2007. According to the Order, MLPF&S failed to inform investors in two CDOs that a hedge fund firm that bought the equity in the transactions but whose interests were not necessarily the same as those of the CDOs' other investors, had undisclosed rights relating to, and exercised significant influence over, the selection of the CDOs' collateral. The Order stated that, as a result of its conduct, MLPF&S violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 ("Securities Act") and section 17(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 17a-3(a)(2) thereunder. MLPF&S consented to the entry of the Order without admitting or denying the findings therein. The Order (1) required that MLPF&S cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act and Section 17(a)(1) of the Exchange Act and Rule 17a-3(a)(2) thereunder; (2) censured MLPF&S; and (3) required that MLPF&S pay disgorgement of \$56,286,000 and prejudgment interest of \$19,228,027 and a civil money penalty in the amount of \$56,286,000 (for a total payment of \$131,800,027).

#### Massachusetts Securities Division Order 10/30/2013

The Massachusetts Securities Division (the "Division") alleged that MLPF&S failed to reasonably supervise a former agent in violation of M.G.L. c. 110A, §204(a)(2)(J). On October 30, 2013, without admitting or denying the alleged Violations of Law, MLPF&S consented to the entry of a Consent Order, paid a civil penalty of \$500,000, agreed to offer reimbursement to five current or former MLPF&S clients, agreed to certify that it has reviewed its policies and procedures with regard to the monitoring of employee accounts, agreed to a censure, and agreed to cease and desist from violating M.G.L. c. 110A, §204(a)(2)(J).

#### MLPF&S FINRA AWC 10/24/2013

MLPF&S effected securities transactions while a trading halt was in effect with respect to the securities. MLPF&S transmitted reports to the Order Audit Trail System (OATS) that contained an inaccurate originating department ID, submitted erroneous desk reports, submitted reports with an incorrect special handling code, erroneous handling codes, incorrect order received time, incorrect limit price, submitted reports without a reporting exception code, incorrectly submitted a new order report and route reports, and failed to submit a route report. MLPF&S made available a report on the covered orders in National Market System Securities it received for execution from any person which included incorrect information. MLPF&S incorrectly classified a covered order as not covered and calculated and reported an incorrect amount of total covered orders, covered shares, and total cancelled shared. MLPF&S failed to report to the FINRA/NASDAQ Trade Reporting Facility (FNTRF) the correct symbol indicating the related market center in transactions in reportable securities. MLPF&S failed to report the exercise of an over-the-counter (OTC) option. MLPF&S's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA Rules addressing quality of market topics. MLPF&S's written supervisory procedures (WSPs) failed to provide for minimum requirements for adequate WSPs in trade reporting (use of trade modifiers, third party reporting); OATS (accuracy of data); and multiple market participant identifiers (approval of MPIDs). MLPF&S had fail-to-deliver positions at a registered clearing agency in an equity security that resulted from a long sale, and did not close the fail-to-deliver positions by purchasing securities of like kind and quantity within the time frame prescribed by SEC Rule 204(A)(1). MLPF&S executed short sale orders and failed to properly mark the orders as short. MLPF&S failed to contemporaneously or partially execute customer limit orders in a NASDAQ security after it traded each subject order for its own market-making account at a price that would have satisfied each customer's limit order. MLPF&S failed to report complete and accurate data to the FNTRF in transactions in reportable securities. MLPF&S incorrectly reported an agency cross transaction as a principal transaction with a blank contra party; failed to report the contra party broker-dealer on principal trades; reported an incorrect buy/sell indicator; failed to report the correct execution time; and failed to timely submit non-tape reports with the .RX modifier. Without admitting or denying the findings, MLPF&S consented to the described sanctions and to the entry of findings; therefore, MLPF&S is censured, fined \$85,000, required to pay \$77.98, plus interest, in restitution and required to revise its WSPs regarding trade reporting (use of trade modifiers, third party reporting); OATS (accuracy of data); and multiple market participation identifiers (approval of MPIDs) within 30 business days of acceptance of this AWC by the NAC. A registered firm principal shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution to FINRA no later than 120 days after acceptance of this AWC. Any undistributed restitution and interest shall be forwarded to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer last resided.

#### MLPF&S District of Columbia Settlement 9/10/2013

An agent of the MLPF&S failed to furnish a client material information that the client was entitled to on a timely basis in violation of 26 DCMR B 119.2(u). As a result of the agent's conduct, MLPF&S violated just and equitable standards of conduct (FINRA Rule 2010), in violation of 26 DCMR B 119.2 (bb). On September 10, 2013, without admitting or denying the Statement of Facts and Conclusions of Law, MLPF&S consented to the entry of the Administrative Settlement Agreement, paid \$15,000 to the District of Columbia's general fund, and shall cease and desist from violating 26 DCMR B 119.2 (bb).

#### BANA MAS Censure 6/14/2013

On June 14, 2013, the Monetary Authority of Singapore ("MAS") took administrative action against Bank of America, National Association (Singapore Branch) ("BANA

Singapore”) and eighteen other banks in the market for deficiencies in governance, risk management, internal controls, and surveillance systems from 2007 to 2011 related to the submission processes for Singapore dollar interest rate benchmarks – specifically, SIBOR and SOR – and Foreign Exchange spot benchmarks in four emerging market Asian currencies (“ABS Benchmarks”). In addition, the MAS determined BANA Singapore personnel engaged in electronic communications in which they initiated, received, acknowledged, or relayed requests to improperly influence submissions for certain of the above-referenced ABS Benchmarks. The MAS stated it had not made the finding that the ABS Benchmarks had been manipulated by any of the nineteen banks subject to its order, but found that the action of the BANA Singapore (and other banks’) personnel reflected a lack of professional conduct and integrity. The MAS is requiring BANA Singapore to adopt measures to address the deficiencies, report its progress in addressing these deficiencies on a quarterly basis, and conduct independent reviews to ensure the robustness of the remedial measures. BANA Singapore was not fined, but instead was required to post with the MAS for one year a statutory reserve of 700 million Singapore dollars (approximately US\$551 million) which is refundable upon satisfaction of the MAS’s order on remedial measures.

#### Massachusetts Securities Division 144A Securities 4/18/2013

The Massachusetts Securities Division (Division) alleged that MLPF&S violated Sections 204(a)(2)(G) and 204(a)(2)(J) of the Massachusetts Uniform Securities Act (“Act”) in connection with the sale of unregistered securities by MLPF&S to two Massachusetts cooperative banks and their subsidiaries. On April 18, 2013, without admitting or denying the allegations, MLPF&S entered into a settlement with the Division, in which it agreed to permanently cease and desist from violating the Act and to pay a civil penalty in the amount of \$250,000. MLPF&S also represented that it had entered into separate independent settlement agreements with the banks, pursuant to civil actions.

#### MLPF&S BondMarket Matter 4/02/2013

MLPF&S’s proprietary bond market order execution system had a flawed pricing logic, with respect to non-convertible preferred securities, that only incorporated the quotations from the two primary exchanges where the securities were listed. As a result, in instances where there was a better price on a market other than the primary listing exchange, the firm systematically executed transactions in non-convertible preferred securities with its customer on its proprietary order execution system at prices inferior to the national best bid or offer (NBBO). In 12,259 transactions for or with a customer, the firm thus failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The firm failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs) reasonably designed to ensure compliance with the firm’s best execution obligations for transactions in non-convertible preferred securities executed on its order execution system. The firm’s supervisory system was deficient in that it failed to perform any post execution review of non-convertible preferred transactions executed on its system to ensure compliance with its best execution obligations despite the fact it received several inquiry letters from FINRA regarding the relevant conduct. Although the firm took some remedial measures intended to address issues raised by FINRA, it failed to identify the flawed pricing logic until a later date. Approximately 2,200 transactions were identified on FINRA’s best execution report cards available to the firm for over three years. Despite these red flags, the firm failed to perform any meaningful supervisory review for best execution of non-convertible preferred transactions executed on its proprietary system. The firm’s WSPs were not adequate for almost three years in that they did not describe the supervisory steps to be taken by the person responsible for a best execution supervisory review of non-convertible preferred transactions executed on its proprietary system. For two years, the firm’s WSPs did not provide for the person or persons responsible for ensuring compliance with the applicable rules; a statement of the supervisory steps to be taken by that person; a statement as to how often such person should take such steps; and a statement as to how the completion of supervisory reviews should be documented. On April 2, 2013, without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings; therefore, the firm is censured, fined \$1,050,000.00, required to revise its WSPs regarding supervisory procedures to be followed by the person responsible for best execution of non-convertible preferred transactions executed on its proprietary order execution system within 30 business days of acceptance of this AWC by the NAC, and to pay restitution of \$323,950.04, plus interest, in connection with the 12,259 transactions. a registered firm principal shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution to FINRA no later than 120 days after acceptance of this AWC. Any undistributed restitution and interest shall be forwarded to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer last resided.

#### Cal PSA Matter 12/27/2012

MLPF&S and Banc of America Securities LLC, which was consolidated into MLPF&S, were members of a municipal securities association which requested that its members make underwriting assessment payments of \$0.01 per bond, and later \$0.02 per bond, when they participated in bond issuances in California of more than \$2 million in issue size with more than two years to maturity. The municipal securities association’s mission was to keep its members informed of legislative and regulatory developments affecting the municipal securities industry and to provide a forum through which the municipal securities industry could review and respond to these developments. The association billed its members on the per-bond basis, regardless of whether there was any direct relationship between that bond issuance and the association’s activities, and regardless of whether the association provided any services required for the underwriting. The firms paid the association a total of \$387,455.62 for participating in the underwriting of approximately 252 applicable transactions. The firm obtained reimbursement for the voluntary payments from the proceeds of municipal and state bond offerings which was unfair. The assessments did not have a direct relationship to any activities conducted with respect to each bond offering. The firm was not required by any statute or regulations to be a member of the association yet treated its assessments as an expense of each transaction and requested and received reimbursement of the payments from the proceeds of each bond offering. The firm listed the underwriting assessments as expenses of the underwriting but its requests for reimbursement were not fair because they were not accompanied by adequate disclosure to issuers. The firm’s practices resulted in the expenditure of the proceeds of municipal and state bond offerings to an organization engaged in political activities. In response to a request from the Treasurer of the State of California, the firms have returned \$100,255.58 to multiple issuers as a refund for the underwriting assessments reimbursed from offering proceeds. The firms failed to adopt, maintain and enforce written supervisory procedures (WSPs) reasonably designed to ensure compliance with MSRB Rule G-17 as it relates to the conduct described here. The firms failed to establish reasonable procedures for reviewing and disclosing expenses for municipal securities associations for which it requested reimbursement from the proceeds of municipal and state offerings, and for ensuring that those requests were fair and adequate. The firms also failed to adopt, maintain and enforce adequate systems and WSPs reasonably designed to monitor how the municipal securities associations to which it belonged used the funds that the firm provided. Adequate policies and procedures were especially necessary in light of one association’s engagement in political activities. On December 27, 2012, without admitting or denying the findings, MLPF&S consented to the described sanctions and to the entry of findings; therefore, the firm is censured and fined \$787,000 for MSRB rule violations and ordered to pay \$287,200.04 in restitution and to submit satisfactory proof of payment of restitution or of reasonable documented efforts to effect restitution to the issuers located in California to which the firm has not yet provided restitution.

#### MLPF&S ICE Futures U.S. Settlement 8/22/2012

The Business Conduct Committee of ICE Futures U.S., Inc. determined that MLPF&S may have violated Exchange Rule 6.13(a) on February 2 and 3, 2011 by maintaining a short position in Cotton No. 2 for a corporate affiliate which exceeded the net 5,000 futures equivalent all months position limit. On August 22, 2012, without admitting or denying the violation of any Exchange Rules, MLPF&S agreed to pay a fine of \$25,000 and to cease and desist from future violations of Exchange Rule 6.13(a).

#### Global Mortgage Settlement 3/12/2012

On March 12, 2012, the Department of Justice and the Attorneys General of 49 states and the District of Columbia filed a complaint (“Complaint”) and consent judgment against Bank of America Corporation, Bank of America, N.A., BAC Home Loans Servicing, LP f/k/a Countrywide Home Loans Services, LP, Countrywide Home Loans, Inc., Countrywide Financial Corporation, Countrywide Mortgage Ventures, LLC, and/or Countrywide Bank, FSB (together, “Bank of America” and the “Defendants”) and other major mortgage servicers to settle a number of related investigations into residential loan servicing and origination practices (the “Settlement”). The Complaint alleged the Defendant’s misconduct related to its origination and servicing of single family residential mortgages caused the Defendants to have violated, among other laws, the Unfair and Deceptive Acts and Practices laws of the plaintiff States, the False Claims Act, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the Servicemembers Civil Relief Act, and the Bankruptcy Code and Federal Rules of Bankruptcy Procedure. On April 5, 2012, the U.S. District Court for the District of Columbia approved the Settlement by entering the consent judgment. As a result of the settlement, Bank of America Corporation and/or its affiliated entities shall pay or cause to be paid into an interest bearing escrow account to be established for this purpose the sum of \$2,382,415,075, which sum shall be added to funds being paid by other institutions resolving claims in this matter and according to certain criteria established in the settlement. Up to \$120 million of this amount may be treated as a civil penalty. In addition, Bank of America shall provide \$7,626,200,000 of relief to consumers who meet certain eligibility criteria relating to servicing of loans. The additional servicing and origination standards include the development of new or enhanced programs to provide borrower assistance, the development of proprietary programs to provide expanded mortgage modification solutions, including the broader use of principal reductions if permitted by the mortgage investor, enhanced programs for unemployed, military service members and other customers with identified special situations, enhanced facilitation of short sales, and the offer of other assistance programs, such as deed-in-lieu of foreclosure and funds for families transitioning out of home

ownership. Also, Bank of America shall provide \$948,000,000 to a new refinancing program for current consumers who meet other eligibility criteria. The refinancing program is intended to expand refinancing opportunities or lower interest rates on Bank of America owned mortgages to provide reduced payments for many homeowners who are current on their payments but owe more than the current value of their homes. Following finalization of the settlement terms, Bank of America will finalize its program enhancements and provide additional details of eligibility requirements. Bank of America consented to the entry of the Consent Judgment without admitting the allegations in the complaint other than those facts deemed necessary to jurisdiction. Bank of America made its payment to the escrow agent on April 11, 2012. The Settlement does not result in an injunction or any findings of violations of law.

#### BAC Foreclosure Practice Order 4/13/2011

On April 13, 2011, the Board of Governors of the Federal Reserve System (“Federal Reserve”) issued a cease and desist consent order (“Consent Order”) against BAC. The Consent Order makes no finding on any issues of fact or law or any explicit allegation concerning BAC. The Consent Order describes a consent order that the OCC and BANA, which is owned and controlled by BAC, entered into addressing areas of weakness identified by the OCC in mortgage loan servicing, loss mitigation, foreclosure activities, and related functions by BANA. The Consent Order also states that the OCC’s findings raised concerns that BAC did not adequately assess the potential risks associated with such activities of BANA. The Consent Order directs the board of directors of BAC to take appropriate steps to ensure that BANA complies with the OCC consent order. The Consent Order requires BAC and its institution-affiliated parties to cease and desist and take specified affirmative action, including that BAC or its board: (1) take steps to ensure BANA complies with the OCC order; (2) submit written plans to strengthen the board’s oversight of risk management, internal audit, and compliance programs concerning certain mortgage loan servicing, loss mitigation, and foreclosure activities conducted through BANA; and (3) periodically submit written progress reports detailing the form and manner of all actions taken to secure compliance with the Consent Order. BAC submitted an offer of settlement to the Federal Reserve. In the offer of settlement, BAC agreed to consent to the entry of the Consent Order, without the Consent Order constituting an admission by BAC or any of its subsidiaries of any allegation made or implied by the Federal Reserve in connection with the matter.

#### BANA Foreclosure Practice Order 4/3/2011

On April 13, 2011, the OCC issued a cease and desist consent order (“Order”) against BANA. The Order identified certain deficiencies and unsafe or unsound practices in residential mortgage servicing and in BANA’s initiation and handling of foreclosure proceedings. The Order finds that in connection with certain foreclosures of loans in its residential servicing portfolio, BANA: (a) filed or caused to be filed in courts executed affidavits making various assertions that were not based on the affiants’ personal knowledge or review of relevant books and records; (b) filed or caused to be filed in courts numerous affidavits or other mortgage-related documents that were not properly notarized; (c) litigated foreclosure proceedings and initiated non-judicial foreclosure proceedings without always ensuring that the promissory note or the mortgage document was properly endorsed or assigned and, if necessary, in the possession of the appropriate party at the appropriate time; (d) failed to devote sufficient resources to ensure proper administration of its foreclosure processes; (e) failed to devote to its foreclosure processes adequate oversight, internal controls, policies and procedures, compliance risk management, internal audit, third party management and training; and (f) failed to sufficiently oversee third-party providers handling foreclosure-related services. The Order requires that BANA cease and desist such practices and requires BANA’s Board to maintain a Compliance Committee that is responsible for monitoring and coordinating BANA’s compliance with the Order. The Order provides for BANA to: (a) submit a comprehensive action plan that includes a compliance program, third-party management policies and procedures, controls and oversight of BANA’s activities with respect to the Mortgage Electronic Registration System and compliance with MERSCORP’s membership rules, terms, and conditions; (b) retain an independent consultant to conduct an independent review of residential foreclosure actions regarding individual borrowers; (c) plan for operation of management information systems; (d) submit a plan for effective coordination of communications with borrowers related to loss mitigation or loan modification and foreclosure activities; (e) conduct an assessment of BANA’s risks in mortgage servicing operations; and (f) submit periodic written progress reports detailing the form and manner of all actions taken to secure compliance with the Order. BANA submitted an offer of settlement to the OCC. In the offer of settlement, BANA agreed to consent to the entry of the Order, without admitting or denying any wrongdoing. On June 17, 2015, the OCC terminated this Order against BANA because the OCC determined that the protection of the depositors, other customers, and shareholders of BANA, as well as its safe and sound operation, does not require the continued existence of the Order issued in April, 2011 and BANA has satisfied all of the requirements of an amendment to the Order issued in February, 2013.

#### *Gail Cahaly, et al. v. Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), Benistar Property Exchange Trust Co., Inc. (“Benistar”), et al. (Massachusetts Superior Court, Suffolk County, MA)—2/07/2011*

Plaintiffs alleged that MLPF&S aided and abetted a fraud, violation of a consumer protection law, and breach of fiduciary duty allegedly perpetrated by Benistar, a former MLPF&S client, in connection with trading in the client’s account. During the proceedings, plaintiff also made allegations that MLPF&S engaged in sanctionable conduct in connection with the discovery process and the trial. In 2002, following a trial, a jury rendered a verdict for plaintiffs. Thereafter, the Court granted MLPF&S’s motion to vacate and plaintiffs’ motion for a new trial. On June 25, 2009, following a retrial, the jury found in plaintiffs’ favor. On January 11, 2011, the Court entered rulings denying plaintiffs’ motion for sanctions and punitive damages, awarding certain plaintiffs consequential damages, and awarding attorneys’ fees and costs. On February 7, 2011, the Court issued final judgment requiring MLPF&S to pay \$9,669,443.58 in consequential and compensatory damage plus statutory interest, and \$8,700,000 in attorneys’ fees and costs; but denying plaintiffs’ requests for punitive damages and sanctions. The client, a co-defendant, filed a notice of appeal on or about January 19, 2011. Plaintiffs and Applicant also appealed. While the appeals were pending, on December 26, 2012, Plaintiffs and Applicant agreed to settle for \$22,500,000.

#### BAC Muni Derivative Settlement 12/06/2010

The Federal Reserve reviewed certain activities related to various types of anti-competitive activity by certain employees of BAC in conjunction with the sale of certain derivative financial products to municipalities and non-profit organizations variously between 1998 and 2003. Following the review, BAC and the Federal Reserve entered into a Formal Written Agreement on December 6, 2010, to ensure that BAC proactively and appropriately manages its compliance risk related to certain competitively bid transactions. In addition, BAC agreed to submit a written plan to strengthen BAC’s compliance risk management program regarding those same competitively bid transactions, and to promptly implement that plan once it is approved by the Federal Reserve Bank of Richmond.

#### BANA Muni Derivative Settlement 12/07/2010

The OCC reviewed certain activities related to the participation of certain employees of BANA in the sale of certain derivative financial products to municipalities and non-profit organizations, and found information indicating that certain BANA employees engaged in illegal bidding activity related to the sale of those derivative financial products variously between 1998 and January 2004. Following the review, BANA and the OCC entered into a Formal Written Agreement on December 7, 2010, to ensure that BANA proactively and appropriately manages its compliance risk related to various competitively bid transactions, including those related to derivative financial products to municipalities and non-profit organizations.

In addition, BANA agreed to do a formal assessment of all business lines that engage in certain types of competitively bid transactions, to complete a formal evaluation of the operational policies and procedures applicable to such businesses to ensure that adequate policies and procedures exist to ensure compliance with safe and sound banking practices, law, and regulations related to the competitively bid transactions, and to develop an internal training program to ensure compliance with all laws and regulations related to competitively bid transactions. Upon approval by the OCC, BANA must immediately begin to implement the policies, procedures and programs called for by the Agreement. Finally, BANA agreed to pay unjust enrichment in the amount of \$9,217,218 to certain counterparties identified by the OCC.

#### MLPF&S (as successor to BAS) Muni Derivative Settlement 12/07/2010

On December 7, 2010, SEC issued an administrative and cease-and-desist order (the “Order”) finding that Banc of America Securities LLC (“BAS”) (which was merged with and into MLPF&S on November 1, 2010) willfully violated Section 15(c)(1)(A) of the Securities Exchange Act of 1934 when certain employees participated in improper bidding practices involving the temporary investment of proceeds of tax-exempt municipal securities in reinvestment products during the period 1998-2002. The Order censured BAS, ordered BAS to cease and desist from committing or causing such violations and future violations, and ordered BAS to pay disgorgement plus prejudgment interest in the amount of \$36,096,442.00. BAS consented to the Order without admitting or denying the SEC’s findings.

#### MLPF&S 529 Plan AWC 11/23/2010

On November 23, 2010, the Financial Industry Regulatory Authority (“FINRA”) alleged that MLPF&S violated MSRB Rule G-27 in that during the period January 2002 to February 2007, MLPF&S required registered representatives to consider potential state tax benefits offered by a state in which a client resides as a factor when recommending a client invest in a 529 plan. But MLPF&S’s written supervisory procedures did not require supervisors to document reviews to determine if registered representatives had in fact considered potential state tax benefits when recommending a client invest in a 529 plan. As a result, MLPF&S did not have effective procedures relating to documenting its suitability determinations in connection with the sale of 529 plans. Without admitting or denying the findings, MLPF&S consented to the described sanctions and to the entry of findings; therefore, MLPF&S is censured, fined \$500,000 and required within 60 days of execution of this Acceptance, Waiver and Consent (“AWC”) to distribute a stand-alone letter acceptable to FINRA to each current customer who resided in a state that offered 529-related state tax benefits at the time the customer opened an advisor-sold specific 529 plan account at MLPF&S from June 2002 through February 2007; the letter will instruct the customers to call a designated MLPF&S phone number with inquiries, concerns or complaints regarding their 529 investment. The designated number will be available for 120 days after which the number will contain a recorded message to contact MLPF&S’s college plan services area. If requested within 180 days of mailing of the 529 letter, MLPF&S will assist in transferring or rolling-over any customer’s investment in the specific plan into a 529 plan of the customer’s choice within his/her home state, regardless of whether MLPF&S currently offers such 529 plan, with MLPF&S waiving any and all client fees, costs in connection with the sale, transfer, or roll-over of the specific plan; and/or any and all client fees, costs due to MLPF&S in connection with the initial purchase of a 529 plan within the customer’s home state using the proceeds of the specific plan. MLPF&S shall provide FINRA semi-annually or upon FINRA’s request, until December 31, 2011, a report describing each oral/written inquiry, concern or complaint received through the designated number or any written complaint otherwise received by MLPF&S concerning the specific plan from the 529 letter recipients, along with a description of how MLPF&S addressed or resolved the inquiries, concerns or complaints of each such customer.

#### MLPF&S (as successor to BAI) Massachusetts Consent 11/17/2010

On November 17, 2010, the Commonwealth of Massachusetts Securities Division alleged that two employees of Banc of America Investment Services, Inc. (“BAI”) (which merged with and into MLPF&S on 10/23/2009) sold Fannie Mae and Freddie Mac federal agency step-up bonds to an investor and that they did not describe the bonds accurately. The state regulator alleged that BAI failed to supervise the conduct in violation of M.G.L. C.110a § 204(a)(2)(g). Only BAI was named as a respondent in the consent order. On November 16, 2010, BAI submitted an offer of settlement, without admitting or denying the facts and without an adjudication of any issue of law or fact, and consented to the entry of the consent order. BAI agreed to a fine of \$100,000, to cease and desist, and to an undertaking to retain an independent compliance consultant and impose heightened supervision on a representative.

#### MLPF&S Client Associate Registration Settlement

In September 2009, MLPF&S reached agreements in principle and final administrative settlements with the Texas State Securities Board and various state securities regulators relating to the state registration of sales assistants known as Client Associates. Without admitting or denying wrongdoing, MLPF&S agreed to certain undertakings and regulatory sanctions including reprimand or censure, agreement to cease and desist sales of securities through persons not registered with the states, payments of fines, penalties and other monetary sanctions (including past registration fees) of \$26,563,094.50 to be divided amongst the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, and payment of \$25,000 to the North American Securities Administrators Association. Fifty-one (51) of the potential 53 multistate settlements have been completed to date.

#### MLPF&S, BAI and BAS Auction Rate Securities Settlements

In August 2008, MLPF&S, BAS and BAI each reached certain agreements in principal with the Office of the New York State Attorney General, the Massachusetts Securities Division, various state securities regulators, and the staff of the SEC (the “ARS Settlements”) relating to auction rate securities (“ARS”). As the result of the mergers of BAI with and into MLPF&S on October 23, 2009 and BAS with and into MLPF&S on November 1, 2010, MLPF&S assumed the liabilities of BAI and BAS in this matter. Without admitting or denying wrongdoing, each of the aforementioned entities has agreed to, pursuant to the terms of each settlement to which it is a party, among others, repurchase ARS at par value (plus any accrued but unpaid interest or dividends) from certain eligible customers, use best efforts to provide liquidity solutions for institutional holders of ARS, participate in a special arbitration process to the extent that eligible customers believe they had a claim for consequential damages, refund certain refinancing fees related to ARS, pay a civil money penalty and compensate other eligible customers who purchased ARS and sold them at a loss. Each of MLPF&S, BAS and BAI has substantially completed the purchase of those ARS. BAI and BAS also agreed to pay a total civil penalty of \$50,000,000 that will be distributed among the states and U.S. territories that enter into administrative or civil consent orders related to ARS. MLPF&S agreed to pay a \$125,000,000.00 civil penalty to be distributed similarly. Fifty-two (52) of the potential 54 MLPF&S multistate settlements have been completed to date. Fifty-one (51) of the potential 54 BAS/BAI multistate settlements have been completed to date.

**NOTE:** In addition, Bank of America Corporation and certain of its affiliates, including MLPF&S and BANA, have been involved in a number of civil proceedings and regulatory actions which concern matters arising in connection with the conduct of its business. Certain of such proceedings have resulted in findings of violations of federal or state securities laws. Such proceedings are reported and summarized in the MLPF&S Form BD as filed with the Securities and Exchange Commission, which descriptions are hereby incorporated by reference.

## JOINT FILING AGREEMENT

Pursuant to and in accordance with the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder, each party hereto hereby agrees to the joint filing, on behalf of each of them, of any filing required by such party under Section 13 or Section 16 of the Exchange Act or any rule or regulation thereunder (including any amendment, restatement, supplement, and/or exhibit thereto) with the Securities and Exchange Commission (and, if such security is registered on a national securities exchange, also with the exchange), and further agrees to the filing, furnishing, and/or incorporation by reference of this agreement as an exhibit thereto. This agreement shall remain in full force and effect until revoked by any party hereto in a signed writing provided to each other party hereto, and then only with respect to such revoking party.

IN WITNESS WHEREOF, each party hereto, being duly authorized, has caused this agreement to be executed and effective as of the date set forth below.

Date: September 3, 2015

**BANK OF AMERICA CORPORATION**

By: /s/ Sun Kyung Bae

Name: Sun Kyung Bae

Title: Attorney-in-fact

**BANC OF AMERICA PREFERRED FUNDING CORPORATION**

By: /s/ Edward Curland

Name: Edward Curland

Title: Authorized Signatory

## LIMITED POWER OF ATTORNEY

**BANK OF AMERICA CORPORATION**, a Delaware corporation (the "Corporation"), does hereby irrevocably make, constitute, and appoint each of Sun Kyung Bae, Szabina Biro, Christopher Johnston and Eugene Rosati as an attorney-in-fact for the Corporation acting for the Corporation and in the Corporation's name, place and stead, for the Corporation's use and benefit, to bind the Corporation by their execution of those agreements, forms and documents related specifically to Section 13 and Section 16 of the Securities Exchange Act of 1934, and other large shareholder and short position regulatory reporting requirements in other jurisdictions. Any documents executed by an attorney-in-fact in accordance with this Limited Power of Attorney shall fully bind and commit the Corporation and all other parties to such documents may rely upon the execution thereof by the attorney-in fact as if executed by the Corporation and as the true and lawful act of the Corporation.

This Limited Power of Attorney shall automatically terminate as to the authority of Sun Kyung Bae, Szabina Biro, Christopher Johnston and Eugene Rosati upon each such attorney-in-fact's resignation or termination from or transfer out of the Compliance Department; however; any such termination shall have no impact on any document or instrument connected therewith executed by any attorney-in-fact named above for the Corporation prior to such termination.

**IN WITNESS WHEREOF**, this Power of Attorney has been executed and delivered by the Corporation to each Attorney-in-Fact on this 21st day of April, 2014.

**BANK OF AMERICA CORPORATION**

By: /s/ Ellen A. Perrin  
Ellen A. Perrin  
Assistant General Counsel

(CORPORATE SEAL)

## VOTING TRUST AGREEMENT

**THIS VOTING TRUST AGREEMENT** (this "**Agreement**") is made and entered into effective for all purposes and in all respects as of September 1, 2015 by and among Lord Securities Corporation, as trustee (the "**Trustee**" or any successor thereto), Banc of America Preferred Funding Corporation, a Delaware corporation, including its successors and assigns by operation of law ("**PFC**" or the "**Purchaser**") and Institutional Shareholder Services Inc. (the "**Voting Consultant**" or any successor thereto).

**WHEREAS**, the Purchaser is the legal and Beneficial Owner of Variable Rate MuniFund Term Preferred Shares ("**VMTP Shares**") of Alliance California Municipal Income Fund, Inc. (the "**Fund**") pursuant to the terms of the purchase agreement, dated as of September 1, 2015, between the Purchaser and the Fund (the "**Purchase Agreement**");

**WHEREAS**, the Purchaser desires to transfer and assign irrevocably to the Trustee, and the Trustee desires to accept such transfer and assignment of, the right to vote and consent for the Purchaser in connection with all of its voting and consent rights and responsibilities, as set forth in Section 1 below, as a Beneficial Owner of (i) VMTP Shares acquired by the Purchaser pursuant to the Purchase Agreement (such VMTP Shares, when owned by the Purchaser, the "**Subject Shares**") and (ii) any additional shares of VMTP Shares or preferred shares of any class or series of the Fund having voting powers of which an Affiliate of PFC is the Beneficial Owner or that the Purchaser becomes the Beneficial Owner of during the term of this Agreement (any such additional preferred shares of the Fund having voting powers being "**Additional Shares**" and when so acquired will become a part of the "**Subject Shares**" covered by this Agreement);

**WHEREAS**, the Voting Consultant shall analyze any matters requiring the owner of Subject Shares, to vote or consent in its capacity as an equity holder (whether at a meeting or via a consent solicitation), and shall provide a recommendation to the Trustee of how to vote or consent with respect to such voting or consent matters;

**WHEREAS**, the Voting Consultant and the Trustee are Independent of the Purchaser; and

**WHEREAS**, the parties hereto desire to set forth in writing their understandings and agreements.

**NOW, THEREFORE**, in consideration of the foregoing, of the mutual promises hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending legally and equitably to be bound, hereby agree as follows:

### 1. Creation of Trust

The Purchaser hereby irrevocably transfers and assigns to the Trustee, and the Trustee hereby accepts the transfer and assignment of, the right to vote and consent for the Purchaser in connection with all of its voting and consent rights and responsibilities as Beneficial Owner of the Subject Shares with respect to the following matters (collectively, the "**Voting Matters**"):

(a) the election of the two members of the Board of Trustees for which holders of VMTP Shares are exclusively entitled to vote under Section 18(a)(2) (C) of the Investment Company Act of 1940, as amended (the "**1940 Act**") and all other rights given to holders of VMTP Shares with respect to the election of the Board of Trustees of the Fund;

(b) the conversion of the Fund from a closed-end management company to an open-end management company, or to change the Fund's classification from diversified to non-diversified, each pursuant to Section 13(a)(1) of the 1940 Act (any of the foregoing, a "**Conversion**"), together with any additional voting or consent right under the Statement and the Purchase Agreement that relates solely to any action or amendment to the Statement that is so closely related to the Conversion that it would be impossible to give effect to the Conversion without implicating such additional voting or consent right; *provided* that any such additional voting or consent right shall not include any voting or consent right related to satisfying any additional term, condition or agreement which the Conversion is conditioned upon or subject to;

(c) the deviation from a policy in respect of concentration of investments in any particular industry or group of industries as recited in the Fund's registration statement, pursuant to Section 13(a)(3) of the 1940 Act (a "**Deviation**"), together with any additional voting or consent right under the Statement and the Purchase Agreement that relates solely to any action or amendment to the Statement that is so closely related to the Deviation that it would be impossible to give effect to the Deviation without implicating such additional voting or consent right; *provided* that any such additional voting or consent right shall not include any voting or consent right related to satisfying any additional term, condition or agreement which the Deviation is conditioned upon or subject to; and

(d) borrowing money, issuing senior securities, underwriting securities issued by other Persons, purchasing or selling real estate or commodities or making loans to other Persons other than in accordance with the recitals of policy with respect thereto in the Fund's registration statement, pursuant to Section 13(a)(2) of the 1940 Act (any of the foregoing, a "**Policy Change**"), together with any additional voting or consent right under the Statement and the Purchase Agreement that relates solely to any action or amendment to the Statement that is so closely related to the Policy Change that it would be impossible to give effect to the Policy Change without implicating such additional voting or consent right; *provided* that any such additional voting or consent right shall not include any voting or consent right related to satisfying any additional term, condition or agreement which the Policy Change is conditioned upon or subject to.

In order to effect the transfer of voting and consent rights with respect to the Voting Matters, PFC hereby irrevocably appoints and constitutes, and will cause each of its Affiliates who are Beneficial Owners of any Subject Shares to irrevocably appoint and constitute, the Trustee as its attorney-in-fact and agrees, and agrees to cause each of such Affiliates, to grant the Trustee one or more irrevocable proxies with respect to the Voting Matters and further agrees to renew any such proxies that may lapse by their terms while the Subject Shares are still subject to this Voting Trust Agreement.

PFC will retain all other voting rights under the Related Documents and PFC, its Affiliates or designee will also be the registered owner of the VMTP Shares. If any dividend or other distribution in respect of the Subject Shares is paid, such dividend or distribution will be paid directly to PFC or its Affiliate or designee owning such Subject Shares; *provided*, that, any Additional Shares will become part of the Subject Shares covered by this Agreement.

### 2. Definitions

"**Affiliate**" means, with respect to a Person, (i) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person or (ii) any other Person who is a director, officer, employee or general partner (a) of such Person, (b) of any subsidiary or parent company of such Person or (c) of any Person described in clause (i) above. For the purposes of this definition, "control" of a Person shall mean the power, direct or indirect, (x) to vote more than 25% of the securities having ordinary voting power for the election of directors of such Person or (y) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. For the purpose of this Agreement, the term "Affiliate" includes a tender option bond trust of which the Purchaser and/or one or more of its Affiliates collectively own a majority of the residual interests.

"**Beneficial Owner**" means, any Person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares (i) voting power which includes the power to vote, or to direct the voting of, securities and/or (ii) investment power which includes the power to dispose, or to direct the disposition of, securities.

"**Board of Trustees**" means the Board of Trustees of the Fund or any duly authorized committee thereof.

"**Excluded Transfer**" means any transfer of VMTP Shares (1) to a tender option bond trust in which the Purchaser and/or its Affiliates collectively own all of the



residual interests, (2) in connection with a distribution in-kind to the holders of securities of or receipts representing an ownership interest in any tender option bond trust in which the Purchaser and/or its Affiliates collectively own all of the residual interests, (3) in connection with a repurchase financing transaction or (4) relating to a collateral pledge arrangement.

**"Independent"** means, as to any Person, any other Person who (i) does not have and is not committed to acquire any material direct or any material indirect financial interest in such Person, (ii) is not connected with such Person as an officer, employee, promoter, underwriter, partner, director or Person performing similar functions and (iii) is not otherwise subject to the undue influence or control of such other Person. For purposes of this definition, no Person will fail to be Independent solely because such Person acts as a voting consultant or trustee in respect of property owned by another Person or its Affiliates pursuant to this Agreement or any other agreement. With respect to item (i) above, "material direct or material indirect financial interest" means, (1) as to any Person, owning directly or indirectly (as principal for such Person's own account) at least 5% of any class of the outstanding equity or debt securities issued by any other Person or (2) with respect to a Person (the **"Investor"**) owning directly or indirectly (as principal for the Investor's own account) outstanding equity or debt securities of any other Person in an amount at least equal to 5% of the total consolidated shareholders equity of the Investor (measured in accordance with U.S. generally accepted accounting principles).

**"Person"** means and includes an individual, a partnership, a corporation, a trust, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

**"Statement"** means the Fund's Statement Establishing and Fixing the Rights and Preferences of the Variable Rate MuniFund Term Preferred Shares, as amended from time to time in accordance with the provisions thereof.

Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor (including by incorporation by reference) in the Statement.

### 3. Right to Transfer

The Purchaser shall have the right to sell or otherwise transfer the Subject Shares at any time in its sole discretion, subject to the transfer restrictions contained in Section 2.1 of the Purchase Agreement. Upon the transfer of the Subject Shares by the Purchaser to any third party (other than a transfer to an Affiliate of the Purchaser in which case such Subject Shares shall remain subject to this Agreement) such Subject Shares shall no longer be subject to this Agreement; *provided, however*, in connection with an Excluded Transfer:

(a) of the type specified in clause (1) of the definition of Excluded Transfer, the Subject Shares shall remain subject to this Agreement until such time as the Fund, upon the request of the Purchaser, enters into a voting arrangement satisfying Section 12(d)(1)(E)(iii) of the 1940 Act;

(b) of the type specified in clauses (3) or (4) of the definition of Excluded Transfer, to the extent the Purchaser retains the right to vote or direct voting in connection with such transactions, the Subject Shares shall remain subject to this Agreement until such time as there is a default by the Purchaser under such repurchase transaction or collateral pledge arrangement; and

(c) of the type specified in clauses (3) or (4) of the definition of Excluded Transfer, to the extent the Purchaser does not retain the right to vote or direct voting of such Subject Shares in such transactions, such transactions do not permit the removal of the Subject Shares' rights transferred to the Voting Trust pursuant to this Agreement within the first 60 days of closing of such transferee becoming the Beneficial Owner of such Subject Shares unless there is a default by the Purchaser under such repurchase transaction or collateral pledge arrangement.

### 4. Trustee

(a) **Rights And Powers Of Trustee.** With respect to Subject Shares where the Purchaser is the Beneficial Owner, the Trustee shall, in person or by nominees, agents, attorneys-in-fact, or proxies, have the right and the obligation to exercise its discretion with respect to all Voting Matters requiring holders of VMTP Shares to vote or consent with respect to and including voting or consenting to any corporate or shareholder action of any kind whatsoever, subject to the terms of this Agreement. The Trustee shall be obligated to vote any Voting Matter in accordance with the provisions of this Agreement.

(b) **Liability Of Trustee.** In exercising the rights and powers of the Trustee, the Trustee will exercise any rights and powers in the Trustee's best judgment; *provided, however*, the Trustee shall not be liable for any action taken by such Trustee or the Trustee's agent, except for liability arising from the Trustee's bad faith, wilful misconduct or gross negligence. The Trustee shall not be required to give any bond or other security for the discharge of the Trustee's duties.

(c) **Resignation of and Successor Trustee.** The Trustee may at any time resign the Trustee's position as Trustee by delivering a resignation in writing to the Purchaser and the Voting Consultant to become effective 90 days after the date of such delivery, but in any event such notice shall not become effective prior to the acceptance of a successor Trustee. The Trustee shall nominate a successor Trustee acceptable to the Purchaser, who shall have all rights, powers and obligations of the resigning Trustee as set forth in this Agreement, and all rights, powers and obligations of the resigning Trustee hereunder shall immediately terminate upon the acceptance by the successor Trustee of such nomination and the execution of this Agreement by the successor Trustee as "Trustee" hereunder. No such resignation shall become effective until such time as a successor Trustee has been appointed and such appointment has been accepted. The fact that any Trustee has resigned such Trustee's position as a Trustee shall not act, or be construed to act, as a release of any Subject Shares from the terms and provisions of this Agreement.

(d) **Removal.** The Trustee may be removed by the Purchaser upon 30 days prior written notice upon either (i) a material breach by the Trustee of its obligations hereunder or (ii) any action or inaction of the Trustee which constitutes bad faith, negligence or wilful misconduct in the performance of its obligations hereunder.

(e) **Independent.** The Trustee represents that it is Independent of PFC.

### 5. Voting Consultant

(a) **Liability Of Voting Consultant.** In providing its voting recommendations on Voting Matters hereunder, the Voting Consultant will provide such recommendations in the Voting Consultant's best judgment with respect to the Voting Matters for the VMTP Shares; *provided, however*, the Voting Consultant shall not be liable for any action taken by such Voting Consultant or the Voting Consultant's agent, except for liability arising from the Voting Consultant's bad faith, wilful misconduct or gross negligence. For the avoidance of doubt, the Voting Consultant's maximum liability shall be limited to an amount not to exceed the total amounts of the fees the Voting Consultant receives from the Purchaser under the Master Agreement in any one year period for any and all claims made within that one year period; *provided* that if a breach of Section 5(e) is determined to have occurred, the sole remedy shall be the immediate removal of the Voting Consultant by the Purchaser in the Purchaser's sole discretion and no monetary damages shall be due or payable. In addition, the Voting Consultant shall not be liable for any action taken by the Trustee contrary to the recommendations provided by the Voting Consultant.

(b) **Resignation of and Successor Voting Consultant.** The Voting Consultant may at any time resign the Voting Consultant's position as Voting Consultant by delivering a resignation in writing to the Purchaser and to the Trustee to become effective 90 days after the date of such delivery. Upon receipt of the Voting Consultant's written resignation, the Purchaser shall use commercially reasonable efforts to appoint a successor Voting Consultant which has been consented to by the Trustee, such consent not to be unreasonably withheld. If the Voting Consultant shall resign but a successor Voting Consultant has not assumed all of the Voting Consultant's duties and obligations within 90 days of such resignation, the Voting Consultant may petition any court of competent jurisdiction for the appointment of a successor Voting Consultant. No such resignation shall become effective until such time as a successor Voting Consultant has been appointed and such appointment has been accepted.

(c) **Removal.** The Voting Consultant may be removed by the Purchaser upon 30 days prior written notice upon either (i) a material breach by the Voting Consultant of its obligations hereunder or (ii) any action or inaction of the Voting Consultant which constitutes bad faith, gross negligence or wilful misconduct in the performance of its obligations hereunder.

(d) **Contract.** A separate contract, that certain Master Services Agreement No. (24828001-001) by and between the Voting Consultant and the Purchaser, as may be amended from time to time with the prior written consent of the parties thereto (the "**Master Agreement**"), sets forth additional details, including fees, pursuant to which the Voting Consultant is providing the services contemplated hereunder.

(e) **Independent.** The Voting Consultant represents that it is Independent of PFC; *provided, however*, if the Voting Consultant becomes aware that the Voting Consultant is no longer Independent of the Purchaser, the Voting Consultant shall promptly, and in no event later than two Business Days after becoming aware, notify the Purchaser and shall abstain from making voting recommendations during any period of time during which the Voting Consultant is not Independent of the Purchaser. If the Voting Consultant notifies the Purchaser that it is no longer Independent of the Purchaser, the Purchaser shall use commercially reasonable efforts to identify and appoint a replacement voting consultant.

## 6. Amount of Subject Shares Notification

On any and each date that the Purchaser sells or otherwise transfers any Subject Shares to another Beneficial Owner, the Purchaser shall promptly notify the Trustee of such occurrence and the number of VMTP Shares that the Purchaser then owns.

## 7. Voting Communications

The Purchaser shall notify the Trustee and the Voting Consultant as soon as possible, and in any event, not later than five Business Days after receipt of notice that a vote of the holders of VMTP Shares has been requested or permitted on any Voting Matter and the Purchaser shall, within such same time frame, forward any information sent to the Purchaser in connection with such vote to the Trustee and the Voting Consultant by Electronic Means.

The Voting Consultant shall analyze and provide a voting or consent recommendation to the Trustee with respect to each Voting Matter in respect of the Subject Shares. The Trustee is obligated to act in accordance with the voting or consent recommendation made by the Voting Consultant in its voting or consent direction to the Purchaser. In all Voting Matters, the Trustee shall use the proxies granted to it by the Purchaser to vote or consent the Subject Shares in accordance with the voting or consent recommendation made by the Voting Consultant and the Purchaser shall not exercise any voting or consent rights in such matters.

If the Voting Consultant fails to provide a voting or consent recommendation to the Trustee on or prior to the deadline for submission of such vote or consent, the Trustee shall not provide a vote or consent on behalf of the Purchaser on such deadline and shall provide notice of the failure to receive a voting or consent recommendation to the Purchaser and the Voting Consultant.

## 8. Indemnification

(a) **Of the Trustee and the Voting Consultant.** The Purchaser shall indemnify and hold the Trustee and the Voting Consultant and such Trustee's and such Voting Consultant's agents harmless from and against any and all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, reasonable costs, reasonable expenses or disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever in connection with or growing out of (i) with respect to the Trustee, the administration of the voting trust created by this Agreement or (ii) with respect to the Trustee and the Voting Consultant, the exercise of any powers or the performance of any duties by the Trustee or the Voting Consultant as herein provided or contemplated, including, without limitation, any action taken or omitted to be taken, except, with respect to the Trustee and the Voting Consultant separately, such as may arise from the bad faith, willful misconduct or gross negligence of the Trustee or the Voting Consultant, respectively. In no event shall the Purchaser be liable for special, incidental, indirect or consequential damages.

(b) **Of the Purchaser and the Voting Consultant.** The Trustee shall indemnify and hold the Purchaser and the Voting Consultant and the Purchaser's and the Voting Consultant's agents harmless from and against any and all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, reasonable costs, reasonable expenses or disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever which may be imposed, incurred or asserted against the Purchaser or the Voting Consultant in connection with the willful misconduct or negligence of the Trustee in connection with the exercise of any powers or the performance of any duties by the Trustee as herein provided or contemplated, including, without limitation, any action taken or omitted to be taken, except, with respect to the Purchaser and the Voting Consultant separately, such as may arise from the willful misconduct or gross negligence of the Purchaser or the Voting Consultant, respectively. In no event shall the Trustee be liable for special, incidental, indirect or consequential damages.

(c) **Of the Purchaser and the Trustee.** The Voting Consultant shall indemnify and hold the Purchaser and the Trustee and the Purchaser's and the Trustee's agents harmless from and against any and all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, reasonable costs, reasonable expenses or disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever which may be imposed, incurred or asserted against the Purchaser or the Trustee in connection with the willful misconduct or gross negligence of the Voting Consultant in connection with the exercise of any powers or the performance of any duties by the Voting Consultant as herein provided or contemplated, including, without limitation, any action taken or omitted to be taken, except, with respect to the Purchaser and the Trustee separately, such as may arise from the willful misconduct or gross negligence of the Purchaser or the Trustee, respectively; *provided, however*, that the Voting Consultant's maximum liability under this Section 8(c) shall be limited to an amount not to exceed the total amount of the fees the Voting Consultant receives from the Purchaser under the Master Agreement in any one year period for any and all claims made within that one year period. In no event shall the Voting Consultant be liable for special, incidental, indirect or consequential damages.

(d) **Conditions to Indemnification.** An indemnified party must give the other party(ies) prompt written notice of any claim and allow the indemnifying party to defend or settle the claim as a condition to indemnification. No settlement shall bind any party without such party's written consent.

## 9. Termination of Agreement

(a) This Agreement and the voting trust created hereby shall terminate with respect to all of the Subject Shares (i) at the option of PFC, upon the non-payment of dividends on the VMTP Shares for two years, (ii) at the option of PFC, upon PFC and its Affiliates owning less than 20% of the Outstanding VMTP Shares or (iii) as provided with respect to certain transfers of Subject Shares in Section 3 above.

(b) Upon the termination of this Agreement with respect to the Subject Shares, the voting trust created pursuant to Section 1 hereof shall cease to have any effect with respect to the Subject Shares, and the parties hereto shall have no further rights or obligations under this Agreement with respect to the Subject Shares.

## 10. Trustee's Compensation

The Trustee shall be entitled to the compensation set forth in the letter agreement between the Purchaser and the Trustee dated as of September 1, 2015, as may be amended from time to time.

## 11. Voting Consultant's Compensation

The Voting Consultant shall be entitled to the compensation pursuant to the Master Agreement.

## 12. Tax Treatment

It is the intention of the parties hereto that for all federal, state and local income and other tax purposes the Purchaser or the applicable Beneficial Owner, as the case may be, shall be treated as the owner of the Subject Shares and, except as otherwise required by law, no party shall take a contrary position in any tax return or report or otherwise act in a contrary manner.

## 13. Notices

All notices, requests and other communications to the Purchaser, the Trustee or the Voting Consultant shall be in writing (including telecopy, electronic mail or similar writing), except in the case of notices and other communications permitted to be given by telephone, and shall be given to such party at its address or telecopy number or email address set forth below or to such other Person and/or such other address or telecopy number or email address as such party may hereafter specify for the purpose by notice to the other party. Each such notice, request or other communication shall be effective (i) if given by mail, five days after such communication is deposited in the mail, return receipt requested, addressed as aforesaid, or (ii) if given by any other means, when delivered at the address specified in this Section. The notice address for each party is specified below:

if to the Purchaser:

Banc of America Preferred Funding Corporation  
One Bryant Park  
1111 Avenue of the Americas, 9<sup>th</sup> Floor  
New York, New York 10036  
Attention: James Nacos/Thomas Visone/Jason Strand  
Telephone: (212) 449-7358 (Nacos and Visone)  
(980) 386-4161 (Strand)  
Email: james.nacos@baml.com;  
thomas.visone@baml.com;  
jason.strand@bankofamerica.com

if to the Trustee:

Lord Securities Corporation  
48 Wall Street  
New York, New York 10005  
Attention: Steven Novack  
Telephone: (212) 346-9002  
Email: steven.novack@tmf-group.com

if to the Voting Consultant:

Institutional Shareholder Services Inc.  
1177 Avenue of the Americas, 2nd Floor  
New York, New York 10036  
Attention: Lorraine Kelly, Executive Director  
Telephone: (212) 354-5443  
Email: lorraine.kelly@issgovernance.com

## 14. Modification

No modification of this Agreement shall be effective unless in writing and signed by all of the parties hereto. Without the prior written consent of the Fund (in its sole discretion), the Purchaser will not agree or consent to any amendment, supplement, modification or repeal of this Agreement, nor waive any provision hereof; *provided*, that in the case of any proposed amendment, supplement, modification or repeal of this Agreement which is a result of a change in law or regulation, the consent of the Fund shall not be unreasonably withheld or delayed.

## 15. Benefit and Burden

This Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their legatees, distributees, estates, executors or administrators, personal and legal representatives, successors and assigns.

## 16. Severability

The invalidity of any particular provision of this Agreement shall not affect the validity of the remainder hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

## 17. Headings

The section headings herein are for convenience of reference only, and shall not affect the construction, or limit or otherwise affect the meaning hereof.

## 18. Applicable Law

This Agreement shall be construed and enforced in accordance with and governed by the law of the State of New York.

THE PARTIES HERETO HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF FEDERAL AND NEW YORK STATE COURTS OF COMPETENT JURISDICTION LOCATED IN NEW YORK COUNTY, NEW YORK IN CONNECTION WITH ANY DISPUTE RELATED TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY.

## 19. Waiver

THE PURCHASER, THE TRUSTEE AND THE VOTING CONSULTANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY OF THE PARTIES HERETO AGAINST THE OTHER(S) ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

## 20. Assignment

None of the parties hereto may assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other parties; *provided* that, without the consent of either the Trustee or the Voting Consultant, the Purchaser may assign its rights and obligations under this Agreement (i) to an Affiliate, (ii) to a successor entity following a consolidation, amalgamation with, or merger with or into or (iii) to a transferee that acquires all or substantially all of the Purchaser's assets. Any assignment other than in accordance with this section shall be void.

**21. Conflicts with Other Documents**

In the event that this Agreement requires any action to be taken with respect to any matter and the Master Agreement requires that a different action be taken with respect to such matter, and such actions are mutually exclusive, the provisions of this Agreement in respect thereof shall control.

**22. Counterparts**

This Agreement may be executed by the parties hereto in any number of separate counterparts, each of which shall be deemed to be an original, and all of which taken together shall be deemed to constitute one and the same instrument. Any counterpart or other signature delivered by facsimile or by electronic mail shall be deemed for all purposes as being a good and valid execution and delivery of this Agreement by that party.

**[The rest of this page has been intentionally left blank]**

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

BANC OF AMERICA PREFERRED FUNDING CORPORATION, as Purchaser

By: /s/ Edward Curland  
Name: Edward Curland  
Title: Authorized Signatory

LORD SECURITIES CORPORATION, as Trustee

By: /s/ Edward O'Connell  
Name: Edward O'Connell  
Title: Senior Vice President

INSTITUTIONAL SHAREHOLDER SERVICES INC., as Voting Consultant

By: /s/ Marija Kramer  
Name: Marija Kramer  
Title: Managing Director

## REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), executed as of September 1, 2015, is made between (i) Alliance California Municipal Income Fund, Inc., a closed-end fund organized as a Maryland corporation (the "**Fund**") and (ii) Banc of America Preferred Funding Corporation, a Delaware corporation, including its successors by merger or operation of law ("**BofA PFC**") (the "**Shareholder**").

## RECITALS

A. As of the date hereof, BofA PFC holds 1,605 Variable Rate MuniFund Term Preferred Shares ("**VMTP Shares**") issued by the Fund; and

B. The Fund and the Shareholder have entered into that certain VMTP Purchase Agreement dated as of September 1, 2015 (the "**Purchase Agreement**"), regarding the purchase of the VMTP Shares of the Fund and certain other rights and obligations of the parties thereto as set forth therein.

NOW THEREFORE, the Parties hereby agree to enter into this Agreement to provide for certain registration rights as follows

**1. Certain Definitions.** As used in this Agreement, the following terms have the following respective meanings:

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person (including any Subsidiary) and "**Affiliates**" shall have correlative meaning. For the purpose of this definition, the term "**Control**" (including with correlative meanings, the terms "**Controlling**", "**Controlled by**" and "**under common Control with**"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"**Agreement**" has the meaning set forth in the preamble to this Agreement.

"**AllianceBernstein Persons**" means the Investment Adviser and affiliated persons of the Investment Adviser (as defined in Section 2(a)(3) of the 1940 Act).

"**Articles Supplementary**" means the Articles Supplementary containing the terms of the VMTP Shares, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"**Blue Sky**" means the statutes of any state regulating the sale of corporate securities within that state.

"**Board**" means the board of directors of the Fund or any duly authorized committee thereof.

"**Business Day**" means any day (a) other than a day on which commercial banks in the City of New York, New York are required or authorized by law or executive order to close and (b) the New York Stock Exchange is not closed.

"**Commission**" means the United States Securities and Exchange Commission.

"**Demand Registration**" has the meaning set forth in Section 3.1 of this Agreement.

"**Effective Date**" means the date of this Agreement.

"**FINRA**" shall mean the Financial Industry Regulatory Authority or any successor.

"**Form N-2**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the Commission.

"**Fund**" has the meaning set forth in the preamble to this Agreement.

"**Fund Indemnified Persons**" means, the Fund and its affiliates and directors, officers, partners, employees, agents, representatives and control persons, entitled to indemnification by the Holders under Section 7.

"**Holder**" means each Shareholder and any Permitted Transferees of any Shareholder.

"**Holder Indemnified Persons**" means, with respect to the Holder, such Holder and its affiliates and directors, officers, partners, employees, agents, representatives and control persons, entitled to indemnification by the Fund under Section 7.

"**Initiating Holder(s)**" has the meaning set forth in Section 3.1 of this Agreement.

"**Investment Adviser**" means AllianceBernstein L.P., or any successor company or entity thereto, and any successor investment adviser to the Fund.

"**Majority Holders**" means the Holder(s) of more than 50% of the Outstanding VMTP Shares, provided that it must include the Shareholder and its Permitted Transferees.

"**1940 Act**" means the Investment Company Act of 1940, as amended.

"**Outstanding**" has the meaning set forth in the Articles Supplementary.

"**Parties**" means collectively the Fund, the Shareholder and any Permitted Transferee who becomes a party to this Agreement. Each of the Parties shall be referred to as a "**Party**."

"**Permitted Transferee**" means, on any date prior to the VMTP Shares having been registered under the Securities Act, any Person permitted to be a Holder of VMTP Shares pursuant to Section 2.18 of the Articles Supplementary to which VMTP Shares are transferred in compliance with Section 8.11.

"**Person**" means and includes an individual, a partnership, the Fund, a trust, a corporation, a limited liability company, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

"**Prospectus**" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, any prospectus filed by the Fund under Rule 430A or Rule 497 of the rules and regulations of the Commission under the Securities Act in connection therewith, and any advertising or sales material prepared by the Fund and filed under Rule 482 of the rules and regulations of the Commission under the Securities Act in connection therewith, including in each such case all amendments and supplements to any such prospectus, advertising or sales material, and in each case including all material incorporated by reference therein.

"**Public Offering**" means an offering of Registrable Securities pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended.

"**Purchase Agreement**" has the meaning set forth in the recitals to this Agreement.

"**Registration**" means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement, and the terms "**Register**" and "**Registered**" have meanings correlative with the foregoing.

"**Registrable Securities**" means (i) VMTP Shares owned by the Shareholder or any Permitted Transferee, and (ii) VMTP Shares or any other securities of the Fund issued as a dividend or other distribution with respect to, or in exchange for, or in replacement of, the VMTP Shares referred to in clause (i).

"**Registration Expenses**" means all expenses incurred by the Fund in complying with Section 3 of this Agreement, including, without limitation, all Registration, qualification, and filing fees, printing expenses, fees and disbursements of counsel for the Fund, reasonable fees and disbursements of one special counsel (selected by the Majority Holders) for all Holders (if different from counsels to the Fund) up to an amount not to exceed U.S.\$30,000, reasonable Blue Sky fees and expenses, the expense of any reasonably necessary special audits or comfort letters incident to or required by a Registration and the reasonable costs and expenses of attending domestic road show presentations. Registration Expenses do not include any underwriting discounts or commissions or any fees or expenses of counsel to the Holders in excess of such U.S. \$30,000 amount referred to above.

"**Registration Statement**" means a registration statement prepared on Form N-2 under the Securities Act including the related preliminary prospectus or prospectuses.

"**Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder, all as from time to time in effect.

"**Shareholder**" has the meaning set forth in the preamble to this Agreement.

"**Underwriters' Representative**" has the meaning set forth in Section 3.3(b) of this Agreement.

"**U.S.\$**" or "**USD**" means United States dollars.

"**VMTP Shares**" means the 1,605 variable rate munifund term preferred shares of the Fund, with par value of U.S. \$0.001 per share and a liquidation preference of U.S.\$25,000 per share.

**2. Registration Rights; Applicability of Rights.** The Holders shall be entitled to the rights with respect to the registration of the Registrable Securities set forth in this Agreement.

### **3. Demand Registration.**

3.1. *Request for Registration.* If the Fund receives from the Majority Holders (referred to as the "**Initiating Holder(s)**") a request in writing that the Fund effect any Registration with respect to the Registrable Securities, subject to the terms of this Agreement, the Fund shall (i) within 10 Business Days of receipt of such written request, give written notice of the proposed Registration to all other Holders, and (ii) as soon as practicable, use its commercially reasonable efforts to effect Registration of those Registrable Securities ("**Demand Registration**") which the Fund has been so requested to register within 60 calendar days or, if the 60<sup>th</sup> calendar day shall not be a Business day, the next succeeding Business Day, together with all other Registrable Securities which the Fund has been requested to register by Holders thereof by written request given to the Fund within 10 days after receiving written notice from the Fund, subject to the limitations of this Section 3. The Fund shall not be obligated to take any action to effect any Registration pursuant to this Section 3.1 after the Fund has effected one Registration pursuant to this Section 3.1 and such Registration has been declared or ordered effective (and has not been subject to a "stop order" of the Commission). The Demand Registration may be exercised only once prior to the Term Redemption Date, as defined in the Articles Supplementary, and may not be exercised within 180 days of the Term Redemption Date. The substantive provisions of Section 3.3 shall be applicable to any Registration initiated under this Section 3.1.

3.2. *Right of Deferral.* Notwithstanding the foregoing, the Fund shall not be obligated to file a Registration Statement pursuant to this Section 3 if the Fund furnishes to the Initiating Holders a certificate signed by the chief executive officer or chairman of the board of the Fund stating that (i) in the good faith judgment of the Board it could reasonably be expected to be seriously detrimental to the Fund or its shareholders for a Registration Statement to be filed in the near future. In such event, the Fund's obligation to use its commercially reasonable efforts to file a Registration Statement shall be deferred for a period not to exceed 90 days from the receipt of the request to file the Registration Agreement by the Initiating Holder(s); *provided*, that the Fund shall not exercise the right to delay a request contained in this Section 3.2 more than once in any 12 month period, and *provided further*, that during such up to 90 day period, the Fund shall not file a Registration Statement with respect to any preferred shares of the Fund except as agreed to in writing by the Parties.

#### 3.3. *Underwriting in Demand Registration.*

(a) *Notice of Underwriting.* If the Initiating Holder(s) intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Fund as a part of their request made pursuant to this Section 3, and the Fund shall include that information in the written notice referred to in Section 3.1 of this Agreement. The right of any Holder to Registration pursuant to this Section 3 shall be conditioned upon such Holder's agreement to participate in the underwriting and the inclusion of that Holder's Registrable Securities in the underwriting to the extent provided herein.

(b) *Selection of underwriter in Demand Registration.* The Fund shall (together with all Holders proposing to distribute their securities through the underwriting) enter into an underwriting agreement in customary form for an underwritten offering made solely by selling shareholders with the underwriter or, if more than one, the lead underwriter acting as the representative of the underwriters (the "**Underwriters' Representative**") selected for the underwriting by the Initiating Holder(s) and with the consent of the Fund, not to be unreasonably withheld.

(c) *Marketing Limitation in Demand Registration.* Notwithstanding any other provision of this Section 3, in the event the Underwriters' Representative advises the Fund in writing that market factors (including, without limitation, the aggregate number of VMTP Shares requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of shares to be underwritten, then the Fund shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the Registration and underwriting shall be allocated among all Holders of such Registrable Securities on a pro rata basis based on the number of Registrable Securities requested to be included in the Registration by all such selling Holders (including the Initiating Holder(s)); *provided, however*, that the number of Registrable Securities to be included in any such underwriting held by Holders shall not be reduced unless all other securities of the Fund, its Affiliates and AllianceBernstein Persons are first entirely excluded from the underwriting. Unless the prior written consent of the Majority Holders has been obtained, the number of the Registrable Securities included in any such underwriting shall not be reduced to less than 90% of the number of the Registrable Securities requested to

be included. Any Registrable Securities or other securities excluded from the underwriting by reason of this Section 3.3(c) shall be withdrawn from the Registration. To facilitate the allocation of shares in accordance with the foregoing, the Fund or the underwriters may round the number of shares allocated to any Holder to the nearest one share.

(d) *Right of Withdrawal in Demand Registration.* If any Holder of Registrable Securities (other than the Initiating Holder(s)) disapproves of the terms of the underwriting, such Holder may elect to withdraw therefrom by written notice to the Fund and the Underwriters' Representative proposing to distribute their securities through the underwriting, delivered at least 20 days prior to the effective date of the Registration Statement. If any Initiating Holder elects to withdraw, such withdrawal shall be conditioned on the payment by such withdrawing Initiating Holder to the Fund of the Registration Expenses incurred in connection with such withdrawal. Such payment obligation shall be joint and several among the withdrawing Initiating Holders, and the payment shall be made within thirty (30) days after the delivery to the withdrawing Initiating Holders of an invoice stating such Registration Expenses in reasonable detail. An Initiating Holder's Demand Registration shall be terminated if such Initiating Holder elects to withdraw pursuant to this Section 3.3(d); provided however, such rights shall be preserved if all additional Holders who had elected to participate also withdraw from such underwriting. The securities so withdrawn shall also be withdrawn from the Registration Statement.

**4. Expenses of Registration.** All Registration Expenses incurred in connection with any Registration pursuant to Section 3.1 shall be borne by the Fund.

**5. Assignability of Registration Rights; Termination of Registration Rights; Limitation on Subsequent Registration Rights**

5.1. *Assignability of Registration Rights.* Except as provided in Section 8.11, no Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the written consent of the other Party to this Agreement.

5.2. *Termination of Registration Rights.* The rights to cause the Fund to register Registrable Securities granted under Section 3 of this Agreement and to receive notices pursuant to Section 3 of this Agreement, shall terminate on the earliest of (i) 180 days prior to the Term Redemption Date, as provided in Section 3.1, (ii) a notice of redemption having been issued by the Fund under the Articles Supplementary for the redemption of all of the Registrable Securities, or the repurchase by the Fund (including by exchange of securities) and cancellation of all of the Registrable Securities and (iii) the date a Demand Registration has been effected and the Registrable Securities have been sold or otherwise disposed of in accordance with the plan of distribution set forth in the Registration Statement and Prospectus relating thereto or all Holders have withdrawn from the Demand Registration and (iv) with respect to an Initiating Holder, the date that the Initiating Holder's Demand Registration rights are terminated pursuant to Section 3.3(d).

**6. Registration Procedures and Obligations.** Whenever required under this Agreement to effect the Registration of any Registrable Securities, the Fund shall, as expeditiously as commercially reasonably possible (subject to the notice provisions of Section 3.1):

(a) (i) prepare and file a Registration Statement with the Commission which (x) shall be on Form N-2, if available, (y) shall be available for the sale or exchange of the Registrable Securities in accordance with the intended method or methods of distribution by the selling Holders thereof, and (z) shall in all material respects comply as to form with the requirements of the applicable form and include all financial statements required by the Commission to be filed therewith and all other information reasonably requested by the Underwriters' Representative to be included therein relating to the underwriters and plan of distribution for the Registrable Securities, (ii) use its commercially reasonable efforts to cause such Registration Statement to become effective and remain effective for up to 90 days or, if earlier, until the Holder or Holders have completed the distribution thereto or withdrawn from such plan of distribution, (iii) cause each Registration Statement, as of the effective date of such Registration Statement, (x) to comply in all material respects with any applicable requirements of the Securities Act and (y) not to 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 therein, in light of the circumstances under which they were made, not misleading and (iv) cause each Prospectus, as of the date thereof, (x) to comply in all material respects with any requirements of the Securities Act and (y) not to 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 therein, in light of the circumstances under which they were made, not misleading;

(b) subject to Section 6(a), prepare and file with the Commission such amendments and post-effective amendments to such Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period; cause each such Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to applicable rules under the Securities Act; and comply in all material respects with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement during the applicable period set forth in Section 6(a) (ii) in accordance with the intended method or methods of distribution by the selling Holders thereof, as set forth in such Registration Statement;

(c) furnish to each Holder for which the Registrable Securities are being registered and to each underwriter of an underwritten offering of the Registrable Securities, if any, without charge, as many copies of each Prospectus, including, without limitation, each preliminary Prospectus, and any amendments or supplements thereto and such other documents as such Holder or underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities; the Fund hereby consents to the use of the Prospectus, including, without limitation, each preliminary Prospectus, by each Holder for which the Registrable Securities are being registered and each underwriter of an underwritten Public Offering of the Registrable Securities, if any, in connection with the offering and sale of the Registrable Securities covered by the Prospectus or the preliminary Prospectus, as applicable;

(d) (i) use its commercially reasonable efforts to register or qualify the Registrable Securities, no later than the time the applicable Registration Statement is declared effective by the Commission, under all applicable state securities or Blue Sky laws of such United States jurisdictions as the Underwriters' Representative, if any, or any Holder having Registrable Securities covered by a Registration Statement, shall reasonably request; (ii) use its commercially reasonable efforts to keep each such registration or qualification effective during the period such Registration Statement is required to be kept effective; and (iii) do any and all other acts and things which may be reasonably necessary to enable each underwriter, if any, and any such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities the registration of which such Holder is requesting; *provided, however*, that the Fund shall not be obligated to qualify to do business or to file a general consent to service of process in any such state or jurisdiction, unless the Fund is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) notify each Holder for which the Registrable Securities are being registered promptly, and, if requested by such Holder, confirm such advice in writing, (i) when such Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of the issuance by the Commission or any state securities authority of any stop order, injunction or other order or requirement suspending the effectiveness of such Registration Statement or the initiation of any proceedings for that purpose, (iii) if, between the effective date of such Registration Statement and the closing of any sale of Registrable Securities covered thereby pursuant to any agreement to which the Fund is a party relating to such sale, the representations and warranties of the Fund contained in such agreement cease to be true and correct in all material respects or if the Fund receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, and (iv) when the Fund discovers the happening of any event during the period such Registration Statement is effective as a result of which such Registration Statement or the related Prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(f) furnish a designated single counsel for each of the underwriters, if any, and for the Holders for which the Registrable Securities are being registered, copies of any request by the Commission or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(g) use its commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible time;

(h) upon request, furnish to the Underwriters' Representative of an underwritten Public Offering of the Registrable Securities, if any, without charge, at



least one signed copy of such Registration Statement and any post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits; and upon request furnish to each Holder for which the Registrable Securities are being registered, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(i) upon the Fund's discovery of the occurrence of any event contemplated by paragraph (e)(iv) of this Section, use commercially reasonable efforts to prepare a supplement or post-effective amendment to such Registration Statement or the related Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such Prospectus 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 therein, in the light of the circumstances under which they were made, not misleading;

(j) enter into customary agreements (including, in the case of an underwritten Public Offering, underwriting agreements in customary form for sales only by selling shareholders, and including provisions with respect to indemnification and contribution in customary form and consistent with the provisions relating to indemnification and contribution contained herein) and take all other customary and appropriate actions that are commercially reasonable in order to expedite or facilitate the disposition of such Registrable Securities in accordance with the plan of distribution set forth in the Registration Statement and the Prospectus, and in connection therewith:

(i) in the case of any underwritten Public Offering, make such representations and warranties to (x) the underwriters and (y) insofar as they relate to the nature and the validity of the offering, the selling Holders of such Registrable Securities, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings;

(ii) in the case of any underwritten Public Offering, obtain opinions of counsel to the Fund and updates thereof addressed to (x) the underwriters and (y) insofar as they relate to the nature and the validity of the offering, each selling Holder, covering the matters customarily covered in opinions requested in similar underwritten offerings and such other matters as may be reasonably requested by underwriters and such Holders (and which opinions (in form, scope and substance) shall be reasonably satisfactory to the Underwriters' Representative, if any, and, where relevant, the Majority Holders of the Registrable Securities being sold);

(iii) in the case of any underwritten Public Offering, obtain "comfort" letters or "agreed-upon procedures" letters and updates thereof from the Fund's independent certified public accountants addressed to the selling Holders of the Registrable Securities, if permissible, and underwriters which letters shall be customary in form and shall cover matters of the type customarily covered in such letters to underwriters and such Holders in connection with firm commitment underwritten offerings;

(iv) to the extent requested and customary for the relevant transaction, enter into a securities sales agreement with the selling Holders providing for, among other things, the appointment of such representative as agent for the selling Holders for the purpose of soliciting purchases of the Registrable Securities, which agreement shall be customary in form, substance and scope and shall contain customary representations, warranties and covenants relating to the nature and validity of the offering; and

(v) deliver such customary documents and certificates as may be reasonably requested by a designated representative of the Majority Holders of the Registrable Securities being sold (the "**Designated Representative**") or by the Underwriters' Representative, if any.

(k) make available for inspection by the Designated Representative and by any underwriters participating in any disposition pursuant to such Registration Statement and a single counsel or accountant retained by such Holders or by counsel to such underwriters, all relevant material financial and other records, pertinent material corporate documents and properties of the Fund, except to the extent prohibited by law or regulation, and cause the respective officers, directors and employees of the Fund to supply all material information reasonably requested by such Designated Representative, underwriter, counsel or accountant in connection with such Registration Statement, provided that, prior to providing such information, the requesting party shall have entered into a confidentiality agreement satisfactory to the Fund;

(l) within a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus, provide copies of such document to the selling Holders of the Registrable Securities and to counsel to such Holders and to the underwriter or underwriters of a underwritten Public Offering of the Registrable Securities, if any; fairly consider such reasonable changes in any such document prior to or after the filing thereof as the counsel to the Holders or the underwriter or the underwriters may request and not file any such document in a form to which the Majority Holders of the Registrable Securities being registered or any Underwriters' Representative shall reasonably object unless required by law; and make such of the representatives of the Fund as shall be reasonably requested by the Designated Representative or the Underwriters' Representative available for discussion of such document;

(m) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, including making available to its security holders an earnings statement covering at least 12 months which shall satisfy the provisions of the Securities Act and the rules thereunder;

(n) cooperate and assist with all reasonable requests relating to any filings required to be made with FINRA and in the performance of any due diligence investigation by any underwriter in an underwritten offering; and

(o) use its commercially reasonable efforts to facilitate the distribution and sale of any Registrable Securities to be offered pursuant to this Agreement, including without limitation by participating in domestic road show presentations, holding meetings with potential investors and taking such other actions as shall be reasonably requested by the Designated Representative or the lead managing underwriter of an underwritten offering.

**1.1** Each selling Holder of the Registrable Securities as to which any Registration is being effected pursuant to this Agreement agrees, as a condition to the Registration obligations with respect to such Holder provided herein, to furnish to the Fund such information regarding such Holder required to be included in the Registration Statement, the ownership of the Registrable Securities by such Holder (including information on the Persons having voting and dispositive control thereof) and the proposed distribution by such Holder of such Registrable Securities as the Fund may from time to time reasonably request in writing. Each selling Holder of the Registrable Securities as to which any Registration is being effected pursuant to this Agreement also agrees, as a condition to the Registration obligations with respect to such Holder provided herein, to suspend use of any Prospectus if it has received the notification contemplated by Section 6(e)(iv) until such time as the Fund notifies such Holder that it has complied with Section 6(i) above.

## **7. Indemnification.**

**7.1. Fund's Indemnification of Holders.** The Fund agrees to indemnify and hold harmless each Holder and each other Holder Indemnified Person from and against any losses, claims, damages, liabilities or expenses incurred by them (including reasonable fees and disbursements of outside counsel) which are related to or arise out of any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or in any amendment or supplement thereto, or arise out of or relate to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that (i) such untrue statements or alleged untrue statements or omissions or alleged omissions are based upon information regarding such Holder or its Affiliates furnished in writing to the Fund by such Holder or such Holder's counsel expressly for use therein, or to the extent that such information relates to such Holder or its Affiliates, or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder or such Holder's counsel expressly for use in a Registration Statement, such Prospectus or in any amendment or supplement thereto or (ii) in the case of an occurrence of an event of the type specified in Section 6(e)(iv), the use by such

Holder of an outdated, defective or otherwise unavailable Prospectus after the Fund has notified such Holder in writing that the Prospectus is unavailable for use by such Holder and prior to the receipt by such Holder of a notice that the Fund has complied with Section 6(i) above.

**7.2. Holders' Indemnification of Fund.** Each Holder, severally and not jointly, agrees to indemnify and hold harmless the Fund and each other Fund Indemnified Person from and against any losses, claims, damages, liabilities or expenses incurred by them (including reasonable fees and disbursements of outside counsel) which are related to or arise out of any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or in any amendment or supplement thereto, or arise out of or relate to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that (A) such untrue statements or alleged untrue statements or omissions or alleged omissions are based upon information regarding such Holder or its Affiliates furnished in writing to the Fund by such Holder or such Holder's counsel expressly for use therein, or to the extent that such information relates to such Holder or its Affiliates or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder or such Holder's counsel expressly for use in a Registration Statement, such Prospectus or in any amendment or supplement thereto or (B) in the case of an occurrence of an event of the type specified in Section 6(e)(iv), the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Fund has notified such Holder in writing that the Prospectus is unavailable for use by such Holder and prior to the receipt by such Holder of a notice that the Fund has complied with Section 6(i) above. In no event shall the liability of any selling Holder under this Section 7.2 be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation, except in the case of fraud or willful misconduct.

**7.3. Indemnification Procedure.** If any action, suit, proceeding or investigation shall be brought or asserted against any Person entitled to indemnity hereunder (the "**Indemnified Party**"), such Indemnified Party shall notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing with reasonable promptness; *provided, however*, that any failure by an Indemnified Party to notify the Indemnifying Party shall not relieve the Indemnifying Party from its obligations hereunder (except to the extent that the Indemnifying Party is materially prejudiced by such failure to promptly notify). The Indemnifying Party shall be entitled to assume the defense of any such action, suit, proceeding or investigation, including the employment of counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall have the right to separate counsel of its own choice to represent it, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party has failed promptly to assume the defense and employ counsel reasonably satisfactory to the Indemnified Party in accordance with the preceding sentence or (ii) the Indemnified Party shall have been advised by counsel that there exist actual or potential conflicting interests between the Indemnifying Party and such Indemnified Party, including situations in which one or more legal defenses may be available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party; *provided, however*, that the Indemnifying Party shall not, in connection with any one such action or proceeding or separate but substantially similar actions or proceedings arising out of the same general allegations be liable for fees and expenses of more than one separate firm of attorneys at any time for all Indemnified Parties of the other party; and such counsel shall, to the extent consistent with its professional responsibilities, cooperate with the Indemnifying Party and any counsel designated by the Indemnifying Party.

The Indemnifying Party shall not be liable for any settlement of any such action, suit, investigation or proceeding effected without its written consent, which consent shall not be unreasonably withheld, conditioned or delayed. No Indemnifying Party will, without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought by the Indemnified Party hereunder (whether or not any Indemnified Party is an actual or potential party to such claim, action, suit or proceeding) unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability and obligations arising therefrom.

**7.4. Contribution.** Each Indemnifying Party also agrees that if any indemnification sought by an Indemnified Party pursuant to this Agreement is unavailable or insufficient, for any reason, to hold harmless the Indemnified Party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), then the Indemnifying Party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, liabilities, damages and expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Fund on the one hand and the Holders on the other, in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages, liabilities or expenses (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the actions taken or omitted to be taken in connection with the proposed transactions contemplated by this Agreement (including any misstatement of a material fact or the omission to state a material fact) relates to information supplied by the Fund on the one hand, or the Holder on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, misstatement or alleged omission, and any other equitable considerations appropriate in the circumstances. No person found liable for a fraudulent misrepresentation shall be entitled to contribution from any person who is not also found liable for such fraudulent misrepresentation. In no event shall the liability of any selling Holder under this Section 7.4 be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such contribution obligation, except in the case of fraud or willful misconduct. The indemnity, reimbursement and contribution obligations under this Agreement shall be in addition to any rights that any Indemnified Party may have at common law or otherwise.

**7.5. No Limitations.** Nothing in this Section 7 is intended to limit any party's obligations contained in other parts of this Agreement or any other agreements or investments with respect to the VMTP Shares, provided that no amount shall be reimbursed twice in any event.

**7.6. Conflicts.** Notwithstanding the foregoing, to the extent that provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

## **8. Miscellaneous.**

**8.1. Governing Law.** This Agreement shall be construed in accordance with and governed by the domestic law of the State of New York.

**1.2** THE PARTIES HERETO HEREBY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND NEW YORK STATE COURTS LOCATED IN THE CITY OF NEW YORK IN CONNECTION WITH ANY DISPUTE RELATED TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY.

**8.2. No Waivers.**

- (a) The obligations of the Fund and the Shareholder and its Permitted Transferees hereunder shall not in any way be modified or limited by reference to any other document, instrument or agreement (including, without limitation, the VMTP Shares). The rights of the Shareholder hereunder are separate from and in addition to any rights that any Holder of any VMTP Share may have under the terms of such VMTP Share or otherwise.
- (b) No failure or delay by the Fund or the Shareholder in exercising any right, power or privilege hereunder or under the VMTP Shares shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No failure or delay by the Fund or the Shareholder in exercising any right, power or privilege under or in respect of the VMTP Shares shall affect the rights, powers or privileges of the Fund or the Shareholder hereunder or shall operate as a limitation or waiver thereof. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

**8.3. Specific Performance.** Each Party hereby acknowledges that the remedies at law of the other Parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any Party, without posting any bond, and in addition to all other remedies that may be available, shall be entitled to seek equitable relief in the form of specific performance, injunctions or any other equitable remedy.

**8.4. Waiver of Jury.** The Fund and the Shareholder hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Agreement.

8.5. *Counterparts and Facsimile Execution.* This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Any counterpart or other signature delivered by facsimile or electronic mail shall be deemed for all purposes as being a good and valid execution and delivery of this Agreement by that party.

8.6. *Headings.* The headings of the Sections of this Agreement are for convenience and shall not by themselves determine the interpretation of this Agreement.

8.7. *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including electronic mail or similar writing), and shall be given to such party at its address or email address set forth below or such other address or telecopy number or email address as such party may hereafter specify for the purpose by notice to the other parties. Each such notice, request or other communication shall be effective when delivered at the address specified in this Section. The notice address for each party is specified below:

If to the Fund, to:

Alliance California Municipal Income Fund, Inc.  
c/o AllianceBernstein L.P.  
1345 Avenue of the Americas  
New York, New York 10105  
Attention: Terry Hults  
Telephone: (212) 969-6453  
Email: terry.hults@abglobal.com

If to BofA PFC, to:

Banc of America Preferred Funding Corporation  
One Bryant Park  
1111 Avenue of the Americas, 9<sup>th</sup> Floor  
New York, NY 10036  
Attention: James E. Nacos  
Thomas J. Visone  
Jason Strand  
Telephone: (212) 449-7358 (Nacos & Visone) / (980) 386-4161 (Strand)  
Email: james.nacos@baml.com  
thomas.visone@baml.com  
jason.strand@bankofamerica.com

8.8. *Amendments and Waivers.* Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Fund and the Holders of not less than a majority of the Registrable Securities (calculated on an as-converted basis).

8.9. *Severability.* In case any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby so long as the intent of the Parties to this Agreement is preserved.

8.10. *Entire Agreement.* This Agreement and the Purchase Agreement shall constitute the entire agreement and understanding between the parties hereto with respect to the matters set forth herein and shall supersede any and all prior agreements and understandings relating to the subject matter hereof.

8.11. *Successors and Assigns; Assignment.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns by merger or the operation of law. Neither the Fund nor the Shareholder may assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other party (other than by merger or operation of law), except that prior to the VMTP Shares being registered under the Securities Act, any transferee of VMTP Shares satisfying the requirements set forth in Section 2.1(b) of the Purchase Agreement shall have the rights of a Holder hereunder so long as it has executed a Transferee Letter in the form contemplated by the Purchase Agreement and otherwise agrees to be bound by the provisions of this Agreement. Any assignment without such prior written consent shall be void.

8.12. *Effectiveness of this Agreement.* This Agreement shall be effective as of the Effective Date and the rights and obligations of the Parties contained herein in each case shall be binding as of the Effective Date.

[Signatures follow on the next page.]

---

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement on the date first written above.

**THE FUND:**

Alliance California Municipal Income Fund, Inc.

By: /s/ Robert M. Keith

Name: Robert M. Keith

Title: President

**THE SHAREHOLDER:**

Banc of America Preferred Funding Corporation

By: /s/ Edward Curland

Name: Edward Curland

Title: Authorized Signatory

[Signature page to the Registration Rights Agreement]

# **VMTP Purchase Agreement**

**Alliance California Municipal Income Fund, Inc. (AKP)  
as Issuer**

**and**

**Banc of America Preferred Funding Corporation  
as Purchaser**

**September 1, 2015**

---

**CONTENTS**

<b>SECTION</b>	<b>PAGE</b>
ARTICLE I DEFINITIONS	1
1.1 Incorporation of Certain Definitions by Reference	6
ARTICLE II PURCHASE AND TRANSFERS, COSTS AND EXPENSES; ADDITIONAL FEE	6
2.1 Purchase and Transfer of the VMTP Shares	6
2.2 Fees	8
2.3 Operating Expenses	8
2.4 Additional Fee for Failure to Comply with Reporting Requirement or Registration	8
Rights Failure	8
ARTICLE III CONDITIONS TO EFFECTIVE DATE	9
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE ISSUER	10
4.1 Existence	10
4.2 Authorization; Contravention	10
4.3 Binding Effect	10
4.4 Financial Information	11
4.5 Litigation	11
4.6 Consents	11
4.7 Incorporation of Additional Representations and Warranties	11
4.8 Complete and Correct Information	11
4.9 Information Statement	12
4.10 1940 Act Registration	12
4.11 Effective Leverage Ratio; Asset Coverage	12
4.12 Credit Quality	12
4.13 Due Diligence	13
4.14 Certain Fees	13
4.15 Eligible Assets	13
ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE PURCHASER	13
5.1 Existence	13
5.2 Authorization; Contravention	13
5.3 Binding Effect	14
5.4 Own Account	14
5.5 Litigation	14
5.6 Consents	14
5.7 Purchaser Status	14
5.8 Certain Transactions	15
5.9 Certain Fees	15
5.10 Experience of the Purchaser	15
5.11 Due Diligence	15
ARTICLE VI COVENANTS OF THE ISSUER	15
6.1 Information	16
6.2 No Amendment or Certain Other Actions Without Consent of the Purchaser	18
6.3 Maintenance of Existence	18
6.4 Tax Status of the Issuer	18
6.5 Payment Obligations	18
6.6 Compliance With Law	19
6.7 Maintenance of Approvals: Filings, Etc.	19
6.8 Inspection Rights	19
6.9 Litigation, Etc.	19
6.10 1940 Act Registration	19
6.11 Credit Quality	20
6.12 Maintenance of Effective Leverage Ratio	20
6.13 Redemption and Paying Agent	20
6.14 Cooperation in the Sale of the VMTP Shares	20
6.15 Use of Proceeds	21
6.16 Securities Depository	21
6.17 Future Agreements	21
6.18 Eligible Assets	21
ARTICLE VII MISCELLANEOUS	21
7.1 Notices	21
7.2 No Waivers	22
7.3 Expenses and Indemnification	23
7.4 Amendments and Waivers	25
7.5 Successors and Assigns	25
7.6 Term of this Agreement	26
7.7 Governing Law	26
7.8 Waiver of Jury Trial	26
7.9 Counterparts	26
7.10 Beneficiaries	27
7.11 Entire Agreement	27
7.12 Relationship to the Articles Supplementary	27
7.13 Confidentiality	27
7.14 Severability	28
7.15 Consent Rights of the Majority Participants to Certain Actions.	28
SCHEDULE 1 Schedule 1-1	
SCHEDULE 2 Schedule 2-1	
EXHIBIT A FORMS OF OPINIONS OF COUNSEL FOR THE ISSUER	A-1

EXHIBIT A-1 FORM OF CORPORATE AND 1940 ACT OPINION  
EXHIBIT A-2 FORM OF TAX OPINION  
EXHIBIT A-3 FORM OF LOCAL COUNSEL OPINION  
EXHIBIT B ELIGIBLE ASSETS  
EXHIBIT C TRANSFEREE CERTIFICATE  
EXHIBIT D INFORMATION TO BE PROVIDED BY THE ISSUER  
EXHIBIT E ADDITIONAL REPRESENTATIONS AND WARRANTIES

A-1-1  
A-2-1  
A-3-1  
B-1  
C-1  
D-1  
E-1



VMTP PURCHASE AGREEMENT dated as of September 1, 2015, between ALLIANCE CALIFORNIA MUNICIPAL INCOME FUND, INC., a closed-end fund organized as a Maryland corporation, as issuer (the "Issuer"), and BANC OF AMERICA PREFERRED FUNDING CORPORATION, a Delaware corporation, including its successors by merger or operation of law, as purchaser of the VMTP Shares hereunder (the "Purchaser").

WHEREAS, the Issuer has authorized the issuance pursuant to the Articles Supplementary (as defined below) to the Purchaser of its Variable Rate MuniFund Term Preferred Shares, as set forth on Schedule 1 hereto, which are subject to this Agreement (the "VMTP Shares");

WHEREAS, as an inducement to the Purchaser to purchase the VMTP Shares, the Issuer now desires to enter into this Agreement to set forth certain representations, warranties, covenants and agreements regarding the Issuer and the VMTP Shares; and

WHEREAS, as an inducement to the Issuer to issue and sell the VMTP Shares, the Purchaser desires to enter into this Agreement to set forth certain representations, warranties, covenants and agreements regarding the Purchaser and the VMTP Shares.

NOW, THEREFORE, in consideration of the respective agreements contained herein, the parties hereto agree as follows:

## ARTICLE I DEFINITIONS

The following terms, as used herein, have the following meanings:

"Additional Amount Payment" has the meaning set forth in the Articles Supplementary.

"Agreement" means this VMTP Purchase Agreement, dated as of September 1, 2015, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"AllianceBernstein Persons" means the Investment Adviser or any affiliated person of the Investment Adviser (as defined in Section 2(a)(3) of the 1940 Act) (other than the Issuer, in the case of a redemption or purchase of the VMTP Shares which are to be cancelled within 10 days of purchase by the Issuer).

"Applicable Sections" has the meaning set forth in Section 2.1(c) of this Agreement.

"APS" means the Issuer's outstanding Auction Preferred Shares.

"Articles Supplementary" means the Articles Supplementary containing the terms of the VMTP Shares, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and hereof.

"Asset Coverage" has the meaning set forth in the Articles Supplementary.

"Banks" has the meaning set forth in Section 2.1(b) of this Agreement.

"Board of Directors" has the meaning set forth in the Articles Supplementary.

"Business Day" has the meaning set forth in the Articles Supplementary.

"Bylaws" has the meaning set forth in the Articles Supplementary.

"Charter" has the meaning set forth in the Articles Supplementary.

"Code" has the meaning set forth in the Articles Supplementary.

"Common Shares" has the meaning set forth in the Articles Supplementary.

"Custodian" has the meaning set forth in the Articles Supplementary.

"Date of Original Issue", with respect to the VMTP Shares, means the date on which the Issuer initially issued such VMTP Shares.

"Deposit Securities" has the meaning set forth in the Articles Supplementary.

"Derivative Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, repurchase transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement, including any such obligations or liabilities under any such master agreement.

"Designated Owner" has the meaning set forth in the Articles Supplementary.

"Dividend Payment Date" has the meaning set forth in the Articles Supplementary.

"Dividend Rate" has the meaning set forth in the Articles Supplementary.

"Due Diligence Request" means the due diligence request letter from Ashurst LLP, counsel to the Purchaser, dated April 21, 2015.

"Effective Date" means the Date of Original Issue of the VMTP Shares subject to the satisfaction or waiver of the conditions specified in Section 3.

"Effective Leverage Ratio" has the meaning set forth in the Articles Supplementary.

"Electronic Means" has the meaning set forth in the Articles Supplementary.

"Eligible Assets" means the instruments in which the Issuer may invest as described in Exhibit B to this Agreement, which may be amended from time to time with the prior written consent of the Purchaser.



**"Failure"** has the meaning set forth in Section 2.4.

**"Fee Rate"** means initially 0.25% per annum, which shall be subject to increase by 0.25% per annum for each Week in respect of which any Failure has occurred and is continuing.

**"Force Majeure Exception"** means any failure or delay in the performance of the Issuer's reporting obligation pursuant to Section 2.4 arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including acts of God; earthquakes; flood; terrorism; wars and other military disturbances; sabotage; epidemics; riots; loss or malfunctions of utilities, computer (hardware or software) or communication services; accidents; acts of civil or military authority and governmental action. The Issuer shall use commercially reasonable efforts to commence performance of its obligations during any of the foregoing circumstances.

**"Holder"** has the meaning set forth in the Articles Supplementary.

The word **"including"** means "including without limitation."

**"Indemnified Persons"** means, the Purchaser and its affiliates and directors, officers, partners, employees, agents, representatives and control persons, entitled to indemnification by the Issuer under Section 7.3.

**"Information Statement"** means the Information Statement of the Issuer relating to the offering and sale of the VMTP Shares dated September 1, 2015, as may be amended, revised or supplemented from time to time.

**"Investment Adviser"** means AllianceBernstein L.P., or any successor company or entity.

**"Issuer"** has the meaning set forth in the preamble to this Agreement.

**"Liquidation Preference"**, with respect to a given number of VMTP Shares, means \$25,000 times that number.

**"Majority Participants"** means the Holder(s) of more than 50% of the Outstanding VMTP Shares.

**"Managed Assets"** means the Issuer's net assets, including assets attributable to any principal amount of any borrowings (including the issuance of commercial paper or notes) or preferred stock outstanding. For the avoidance of doubt, assets attributable to borrowings includes the portion of the Issuer's assets in a tender option bond trust of which the Issuer owns the residual interest (without regard to the value of the residual interest to avoid double counting).

**"Market Value"** has the meaning set forth in the Articles Supplementary.

**"Material Adverse Effect"** means a material adverse effect upon (i) the ability of the Issuer to perform its obligations under this Agreement or (ii) the source for payment of the Liquidation Preference of, or dividends on, the VMTP Shares.

**"1940 Act"** means the Investment Company Act of 1940, as amended.

**"NRSRO"** has the meaning set forth in the Articles Supplementary.

**"Optional Redemption Premium"** has the meaning set forth in the Articles Supplementary.

The word **"or"** is used in its inclusive sense.

**"Other Rating Agency"** means, at any time, each NRSRO, if any, other than S&P then providing a rating for the VMTP Shares pursuant to the request of the Issuer.

**"Other Rating Agency Guidelines"** means the guidelines provided by each Other Rating Agency, as may be amended from time to time, in connection with the Other Rating Agency's rating of the VMTP Shares.

**"Outstanding"** has the meaning set forth in the Articles Supplementary.

**"Person"** has the meaning set forth in the Articles Supplementary.

**"Preferred Shares"** has the meaning set forth in the Articles Supplementary.

**"Purchase Price"** means, in respect of the 1,605 VMTP Shares sold to the Purchaser, U.S. \$40,125,000.

**"Purchaser"** has the meaning set forth in the preamble to this Agreement.

**"QIB"** means a **"qualified institutional buyer"** as defined in Rule 144A under the Securities Act.

**"Rate Period"** has the meaning set forth in the Articles Supplementary.

**"Rating Agency"** means each of S&P (if S&P is then rating VMTP Shares), and any Other Rating Agency (if such Other Rating Agency is then rating VMTP Shares at the request of the Issuer).

**"Rating Agency Guidelines"** means the S&P Guidelines and any Other Rating Agency Guidelines as they exist from time to time.

**"Redemption and Paying Agent"** means Computershare, Inc., or with the prior written consent of the Purchaser (which consent shall not be unreasonably withheld), any successor Person, which has entered into an agreement with the Issuer to act in such capacity as the Issuer's tender agent, transfer agent, registrar, dividend disbursing agent, paying agent and redemption price disbursing agent and calculation agent in connection with the payment of regularly scheduled dividends with respect to VMTP Shares.

**"Registered Investment Company"** has the meaning set forth in Section 2.1(b) of this Agreement.

**"Registration Rights Agreement"** means the registration rights agreement entered into between the Issuer and the Purchaser with respect to the VMTP Shares.

**"Registration Rights Failure"** means any (i) failure by the Issuer to file a Registration Statement with the Securities and Exchange Commission relating to such of the Registrable Securities (as defined in the Registration Rights Agreement, but excluding any that are properly excluded pursuant to Section 3.3(c) or (d) of the Registration Rights Agreement) which the Issuer has been properly requested to register under Section 3.1 of the Registration Rights Agreement within 60 calendar days (or, if the 60th calendar day shall not be a Business Day, the next succeeding Business Day) of the later of (a) the date on which the holders of such Registrable Securities are required to give written notice to the Issuer of their intent to register such Registrable Securities pursuant to Section 3.1 of the Registration Rights

Agreement or (b) if properly exercised by the Issuer, the end of any deferral period specified in accordance with the provisions of Section 3.2 of the Registration Rights Agreement, or (ii) failure by the Issuer to reply to any written comments on such Registration Statement received by the Issuer from the staff of the Securities and Exchange Commission (it being understood that the reply referenced herein shall not require the Issuer to accept or agree with any comment, in whole or in part) within 60 calendar days (or, if the 60th calendar day shall not be a Business Day, the next succeeding Business Day) of receipt thereof by the Issuer.

"**Related Documents**" means this Agreement, the Charter, the Articles Supplementary, the Registration Rights Agreement, the VMTP Shares and the Bylaws.

"**Reporting Date**" has the meaning set forth in Section 6.1(o).

"**Reporting Failure**" has the meaning set forth in Section 2.4.

"**S&P**" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor or successors thereto.

"**S&P Guidelines**" means the guidelines, as may be amended from time to time, in connection with S&P's ratings of the VMTP Shares. S&P Guidelines includes the criteria described in Methodology And Assumptions for Market Value Securities published by S&P September 17, 2013, as may be amended at S&P's sole discretion, and any other guidelines deemed relevant by S&P.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Securities Depository**" means The Depository Trust Company, New York, New York, and any substitute for or successor to such securities depository that shall maintain a book-entry system with respect to the VMTP Shares.

"**Term Redemption Date**" has the meaning set forth in the Articles Supplementary.

"**VMTP Shares**" has the meaning set forth in the preamble to this Agreement.

"**Week**" means a period of seven consecutive calendar days.

"**written**" or "**in writing**" means any form of written communication, including communication by means of telex, telecopier or electronic mail.

## 1.1 Incorporation of Certain Definitions by Reference

Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor (including by incorporation by reference) in the Related Documents.

## ARTICLE II PURCHASE AND TRANSFERS, COSTS AND EXPENSES; ADDITIONAL FEE

### 2.1 Purchase and Transfer of the VMTP Shares

- (a) On the Effective Date the Purchaser will acquire 1,605 VMTP Shares sold on initial issuance in a transaction (which, based upon the representations of the Issuer and the Purchaser herein, is exempt from registration under the Securities Act) by payment of the Purchase Price in immediately available funds to the Issuer through the account of its agent at the Securities Depository.
- (b) The Purchaser agrees that it may make offers and sales of the VMTP Shares in compliance with the Securities Act and applicable state securities laws (1)(i) to Persons that it reasonably believes are QIBs that are: (a) registered closed-end management investment companies, the shares of which are traded on a national securities exchange and registered open-end management investment companies, in each case, that (X) are either sponsored or managed by an entity listed on Schedule 2 or any other entity that is controlled by, controlling or under common control with an entity listed on Schedule 2 and (Y) invest primarily in municipal obligations (each, a "**Registered Investment Company**"); (b) banks or entities that are 100% direct or indirect subsidiaries of banks' publicly traded parent holding companies (collectively, "**Banks**"); or (c) insurance companies, in each case, pursuant to Rule 144A or another available exemption from registration under the Securities Act, in a manner not involving any public offering within the meaning of Section 4(a)(2) of the Securities Act, (ii) to tender option bond trusts in which all investors are Persons that the Purchaser reasonably believes are QIBs that are Registered Investment Companies, Banks or insurance companies (or, in the case of a tender option bond trust in which an affiliate of the Purchaser retains a residual interest, an affiliate of the Purchaser that is a wholly owned direct or indirect subsidiary of Bank of America Corporation), or (iii) to other investors with the prior written consent of the Issuer and (2) unless the prior written consent of the Issuer and the Majority Participants has been obtained, not AllianceBernstein Persons if such AllianceBernstein Persons would, after such sale and transfer, own more than 20% of the Outstanding VMTP Shares. Any transfer in violation of the foregoing restrictions shall be void *ab initio*. In connection with any transfer of the VMTP Shares, each transferee (including, in the case of a tender option bond trust, the depositor or trustee or other Person thereunder acting on behalf of such transferee) will be required to deliver to the Issuer a transferee certificate set forth as Exhibit C to this Agreement no later than the date of the transfer. The foregoing restrictions on transfer shall not apply to any VMTP Shares registered under the Securities Act pursuant to the Registration Rights Agreement or any subsequent transfer of such registered VMTP Shares thereafter.
- (c) In the event that the Purchaser transfers, in accordance with Section 2.1(b), VMTP Shares to a tender option bond trust in which the Purchaser retains a residual interest, for so long as no event has occurred that results in the termination of such tender option bond trust, for purposes of each of the Applicable Sections (as defined below) that requires, permits or provides for (i) notice or the delivery of information to or (ii) voting of the VMTP Shares or the giving of any consent by or (iii) payment of fees, in each case, to the Purchaser or the Majority Participants, the Purchaser, and not such tender option bond trust, shall be deemed to be the actual owner of such VMTP Shares. For the avoidance of doubt, the deemed ownership provided for in this Section 2.1(c) shall be limited to the following sections of this Agreement: 2.1(b), 2.4, 6.1, 6.2, 6.8, 6.9, 6.12, 6.14, 6.17, 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.8, 7.10, 7.12 and 7.15 (collectively, the "**Applicable Sections**"). The deemed ownership provided for in this Section 2.1(c) shall last until the earliest of (A) the termination of such tender option bond trust; (B) the agreement by the Issuer and the Purchaser to terminate such deemed ownership; and (C) with respect to some or all of the Applicable Sections, the good-faith determination by the Purchaser that such deemed ownership has adverse tax, legal or other regulatory consequences or is otherwise no longer consistent with applicable law.
- (d) Anything herein to the contrary notwithstanding, except with respect to the deemed ownership provided for above in respect of the Applicable Sections, the tender option bond trust to which VMTP Shares are transferred and each of the beneficial owners thereof shall retain all of its other rights in respect of the Issuer and the VMTP Shares pursuant to this Agreement and the Articles Supplementary or under law, including, for the avoidance of doubt, its rights under any of the Applicable Sections to the extent necessary for the protection or exercise of such other rights retained pursuant to this Section 2.1(d) or that are otherwise applicable as a result of the exercise of such other rights.

### 2.2 Fees

On the Effective Date, the Issuer shall pay the reasonable fees and expenses not to exceed \$40,000 of the Purchaser's single outside counsel in connection with (i) the negotiation and documentation of the transactions contemplated by this Agreement and (ii) the initial organization and set up of a voting trust to be formed with respect

to the VMTP Shares.

### 2.3 Operating Expenses

The Issuer shall pay amounts due to be paid by it hereunder (including any incidental expenses but not including redemption or dividend payments on the VMTP Shares) as operating expenses.

### 2.4 Additional Fee for Failure to Comply with Reporting Requirement or Registration Rights Failure

- (a) For so long as the Purchaser is a Holder or Designated Owner of any Outstanding VMTP Shares, if the Issuer fails to comply with the reporting requirements set forth in Sections 6.1(o) and 6.1(p) (except as a result of a *Force Majeure* Exception) and such failure is not cured within five Business Days after written notification to the Issuer by the Purchaser of such failure (a "**Reporting Failure**") or a Registration Rights Failure occurs, and such failure is not cured within five Business Days after written notification to the Issuer by the Purchaser of such failure, the Issuer shall pay to the Purchaser on the Dividend Payment Date occurring in the month immediately following a month in which either such Reporting Failure or Registration Failure (either, a "**Failure**") continues a fee, calculated in respect of each Week (or portion thereof) during such month in respect of a Failure and beginning on the date of such Failure, equal to the product of (a) the Fee Rate, times (b) the aggregate average daily Liquidation Preference of the VMTP Shares held by the Purchaser during such Week or portion thereof, times (c) the quotient of the number of days in such Week or portion thereof divided by the number of calendar days in the year in which such Week or portion thereof occurs. If such fee is an "other distribution" pursuant to the Articles Supplementary, such fee shall be paid pursuant to and in accordance with the Articles Supplementary, including Section 2.2(c) of the Articles Supplementary. Notwithstanding the foregoing, in no event shall (i) the fee payable pursuant to this Section 2.4 hereunder for any Week plus the Applicable Spread on the VMTP Shares for such Week exceed an amount (exclusive of any Additional Amount Payment) equal to the product of (x) 15%, times (y) the aggregate average daily Liquidation Preference of the VMTP Shares held by the Purchaser during such Week or portion thereof, times (z) the quotient of the number of days in such Week or portion thereof divided by the number of calendar days in the year in which such Week or portion thereof occurs; or (iii) the Issuer be required to calculate or pay a fee in respect of more than one Failure in any Week.
- (b) Notwithstanding the foregoing, in no event shall (i) the fee payable pursuant to this Section 2.4 for any day plus the Dividend Rate for the VMTP Shares for such day exceed 15%, (ii) the Issuer be required to calculate and pay a fee, in respect of more than one Reporting Failure in any week, or (iii) the fee payable pursuant to this Section 2.4 be payable with respect to any portion of a Week in which such Failure is not continuing.

## ARTICLE III CONDITIONS TO EFFECTIVE DATE

It shall be a condition to the Effective Date that each of the following conditions shall have been satisfied or waived as of such date, and upon such satisfaction or waiver, this Agreement shall be effective:

- (a) this Agreement shall have been duly executed and delivered by the parties hereto;
- (b) the VMTP Shares shall have a long-term issue credit rating of at least AA- (or its equivalent) from S&P on the Effective Date;
- (c) receipt by the Purchaser of executed originals, or copies certified by a duly authorized officer of the Issuer to be in full force and effect and not otherwise amended, of all Related Documents, as in effect on the Effective Date, and an incumbency certificate with respect to the authorized signatories thereto;
- (d) receipt by the Purchaser of opinions of counsel for the Issuer, substantially to the effect of Exhibit A;
- (e) except as disclosed in the Information Statement, there shall not be any pending or threatened material litigation (unless such pending or threatened litigation has been determined by the Purchaser to be acceptable);
- (f) the fees and expenses and all other amounts payable on the Effective Date pursuant to Section 2.2 hereof shall have been paid;
- (g) the Purchaser, in its reasonable discretion, shall be satisfied that no change in law, rule or regulation (or their interpretation or administration), in each case, shall have occurred which will adversely affect the consummation of the transaction contemplated by this Agreement;
- (h) there shall have been delivered to the Purchaser any additional documentation and financial information, including satisfactory responses to the Due Diligence Request, as it reasonably deems relevant; and
- (i) there shall have been delivered to the Purchaser such information and copies of documents, approvals (if any) and records certified, where appropriate, of corporate proceedings as the Purchaser may have requested relating to the Issuer's entering into and performing this Agreement and the other Related Documents to which it is a party, and the transactions contemplated hereby and thereby.

The Issuer and the Purchaser agree that consummation of the purchase and sale of the VMTP Shares pursuant to this Agreement shall constitute acknowledgment that the foregoing conditions have been satisfied or waived.

## ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE ISSUER

The representations and warranties set out in this Article IV are given hereunder by the Issuer to the Purchaser as of the Effective Date.

### 4.1 Existence

The Issuer is validly existing and in good standing as a corporation under the laws of the State of Maryland, with full right and power to issue the VMTP Shares and to execute, deliver and perform its obligations under this Agreement and each Related Document, except where the failure to have such right and power could not reasonably be expected to give rise to a Material Adverse Effect.

### 4.2 Authorization; Contravention

The execution, delivery and performance by the Issuer of this Agreement and each Related Document are within the Issuer's powers, have been duly authorized by all necessary action, require no action by or in respect of, or filing with, any governmental body, agency or official except such as have been taken or made and do not violate or contravene, or constitute a default under, any provision of applicable law, Charter, ordinance or regulation or of any material agreement, judgment, injunction, order, decree or other instrument binding upon the Issuer or result in the creation or imposition of any lien or encumbrance on any asset of the Issuer.

#### **4.3 Binding Effect**

Each of this Agreement and the Registration Rights Agreement constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable or public policy principles of general applicability, it being understood that the enforceability of indemnification provisions may be subject to limitations imposed under applicable securities laws. The VMTP Shares have been duly authorized and, when issued upon payment therefor by the Purchaser as contemplated by this Agreement, will be validly issued by the Issuer and fully paid and nonassessable.

#### **4.4 Financial Information**

The most recent publicly available financial statements of the Issuer, and the auditors' report with respect thereto, copies of which have heretofore been furnished to the Purchaser, fairly present in all material respects the financial condition of the Issuer, at such date and for such period, and were prepared in accordance with accounting principles generally accepted in the United States, consistently applied (except as required or permitted and disclosed). Since the date of such financial statements, there has been no material adverse change in the condition (financial or otherwise) or operations of the Issuer that could reasonably be expected to have a Material Adverse Effect, except as disclosed in the Information Statement, other than changes in the general economy or changes affecting the market for municipal securities or investment companies generally. Any financial, budget and other projections furnished to the Purchaser were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

#### **4.5 Litigation**

Except as disclosed in the Information Statement or in a schedule delivered to the Purchaser prior to the Effective Date, no action, suit, proceeding or investigation is pending or (to the best knowledge of the Issuer) overtly threatened in writing against the Issuer in any court or before any governmental authority that could reasonably be expected to have a Material Adverse Effect.

#### **4.6 Consents**

All consents, licenses, approvals, validations and authorizations of, and registrations, validations or declarations by or with, any court or any governmental agency, bureau or agency required to be obtained by the Issuer in connection with the execution, delivery, performance, validity or enforceability of this Agreement and the other Related Documents (including the VMTP Shares) by or against the Issuer have been obtained and are in full force and effect, except to the extent that the failure to make or obtain the same could not reasonably be expected to give rise to a Material Adverse Effect.

#### **4.7 Incorporation of Additional Representations and Warranties**

As of the Effective Date, the Issuer hereby makes to the Purchaser the representations and warranties included in Exhibit E hereto, which representations and warranties are hereby incorporated by reference herein.

#### **4.8 Complete and Correct Information**

All information, reports and other papers and data with respect to the Issuer furnished to the Purchaser by the Issuer (other than financial information, financial statements, budgets and projections, which are covered solely by Section 4.4 of this Agreement) were, at the time the same were so furnished, complete and correct in all material respects. No fact is known to the Issuer that materially and adversely affects or in the future may (so far as it can reasonably foresee) materially and adversely affect the VMTP Shares, or the Issuer's ability to repay when due its obligations under this Agreement, any of the VMTP Shares and the Related Documents that has not been set forth in the Information Statement or in the financial information and other documents referred to in Section 4.4 or this Section 4.8 or in such information, reports, papers and data otherwise made available or disclosed in writing to the Purchaser. Taken as a whole, the documents furnished and statements made by the Issuer in connection with the negotiation, preparation or execution of this Agreement and the Related Documents do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

#### **4.9 Information Statement**

The Information Statement, true copies of which have heretofore been delivered to the Purchaser, when considered together with this Agreement and the other information made available pursuant to the Due Diligence Request or disclosed in writing to the Purchaser prior to the Effective Date in connection with this Agreement, does not contain any untrue statement of a material fact and such Information Statement does not 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.

#### **4.10 1940 Act Registration**

The Issuer is duly registered as a closed-end management investment company under the 1940 Act and such registration is in full force and effect.

#### **4.11 Effective Leverage Ratio; Asset Coverage**

As of the Effective Date, the Issuer is in compliance with the Effective Leverage Ratio and the Asset Coverage as required by Section 2.4 of the Articles Supplementary.

In connection with calculating the Effective Leverage Ratio, the Issuer's total assets and accrued liabilities reflect the positive or negative net obligations of the Issuer under each Derivative Contract determined in accordance with the Issuer's valuation policies.

#### **4.12 Credit Quality**

As of the Effective Date, the Issuer (1) has invested at least 50% of its Managed Assets in investment grade quality municipal securities that, at the time of investment, were rated within the four highest grades (Baa or BBB or better) by at least one of the NRSROs rating such securities or were unrated but judged to be of comparable quality by the Investment Adviser; and (2) has invested up to 50% of its Managed Assets in municipal securities that at the time of investment were rated below investment grade or were unrated but judged to be of comparable quality by the Investment Adviser, provided that the Issuer has invested no more than 10% of the Issuer's Managed Assets in municipal securities that, at the time of investment, were rated below B3/B- by an NRSRO or that were unrated but judged to be of comparable quality by the Investment Adviser.

#### **4.13 Due Diligence**

The Issuer understands that nothing in this Agreement, the Information Statement, or any other materials presented to the Issuer in connection with the purchase and sale of the VMTP Shares constitutes legal, tax or investment advice from the Purchaser. The Issuer has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its sale of the VMTP Shares.

#### **4.14 Certain Fees**

The Issuer acknowledges that, other than the fees and expenses payable pursuant to this Agreement, no brokerage or finder's fees or commissions are or will be payable by the Issuer or, to the Issuer's knowledge, by the Purchaser to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement.

#### **4.15 Eligible Assets**

As of the Effective Date, the Issuer owns only Eligible Assets, as described in Exhibit B to this Agreement.

### **ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser represents and warrants with respect to itself, as of the date hereof and as of the Effective Date to the Issuer as follows:

#### **5.1 Existence**

The Purchaser is validly existing and in good standing as a corporation under the laws of the state of Delaware, and the Purchaser has full right and power to purchase the VMTP Shares and to execute, deliver and perform its obligations under this Agreement and each Related Document to which it is a party, except where the failure to have such right and power could not reasonably be expected to give rise to a Material Adverse Effect.

#### **5.2 Authorization; Contravention**

The execution, delivery and performance by the Purchaser of this Agreement and each Related Document to which it is a party are within such Purchaser's powers, have been duly authorized by all necessary action, require no action by or in respect of, or filing with, any governmental body, agency or official except such as have been taken or made, and do not violate or contravene, or constitute a default under, any provision of applicable law, charter, ordinance or regulation or of any material agreement, judgment, injunction, order, decree or other instrument, in each case applicable to or binding upon the Purchaser.

#### **5.3 Binding Effect**

Each of this Agreement and the Registration Rights Agreement constitutes a valid and binding agreement of the Purchaser, enforceable in accordance with its terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable or public policy principles of general applicability, it being understood that the enforceability of indemnification provisions may be subject to limitations imposed under applicable securities laws.

#### **5.4 Own Account**

The Purchaser understands that the VMTP Shares are "restricted securities" and have not been registered under the Securities Act or any applicable state securities laws and the Purchaser is acquiring the VMTP Shares as principal for its own account and not with a view to or for the purpose of distributing or reselling such securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such VMTP Shares in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such VMTP Shares in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting the Purchaser's right to register the VMTP Shares under the Securities Act pursuant to the Registration Rights Agreement or otherwise transfer the VMTP Shares in compliance with the transfer limitations of this Agreement in compliance with applicable federal and state securities laws).

#### **5.5 Litigation**

Except as disclosed in a schedule delivered to the Issuer prior to the Effective Date, no action, suit, proceeding or investigation is pending or (to the best knowledge of the Purchaser) overtly threatened in writing against the Purchaser in any court or before any governmental authority in any way contesting or, if decided adversely, would affect the validity of this Agreement.

#### **5.6 Consents**

All consents, licenses, approvals, validations and authorizations of, and registrations, validations or declarations by or with, any court or any governmental agency, bureau or agency required to be obtained by the Purchaser in connection with the execution, delivery, performance, validity or enforceability of this Agreement by or against the Purchaser and the purchase of the VMTP Shares have been obtained and are in full force and effect, except to the extent that the failure to make or obtain the same could not reasonably be expected to give rise to a Material Adverse Effect.

#### **5.7 Purchaser Status**

At the time the Purchaser was offered the VMTP Shares, it was, and as of the Effective Date it is: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act.

#### **5.8 Certain Transactions**

Other than consummating the transactions contemplated by this Agreement, the Purchaser has not directly or indirectly executed, nor has any Person acting on its behalf or pursuant to any understanding with such Purchaser executed, any other purchases of securities of the Issuer which may be integrated with the transactions contemplated by this Agreement.

#### **5.9 Certain Fees**

The Purchaser acknowledges that, other than the fees and expenses payable pursuant to this Agreement, no brokerage or finder's fees or commissions are or will be payable by such Purchaser or, to such Purchaser's knowledge, by the Issuer to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement.

#### **5.10 Experience of the Purchaser**

The Purchaser has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the VMTP Shares, and has so evaluated the merits and risks of such investment. The Purchaser is able to bear the economic risk of an investment in the VMTP Shares and, at the present time, is able to afford a complete loss of such investment.

#### **5.11 Due Diligence**

The Purchaser acknowledges that it has sole responsibility for its own due diligence investigation and its own investment decision relating to the VMTP Shares. The Purchaser understands that nothing in this Agreement, the Information Statement, or any other materials presented to such Purchaser in connection with the purchase

and sale of the VMTP Shares constitutes legal, tax or investment advice from the Issuer. The Purchaser has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the VMTP Shares.

## ARTICLE VI COVENANTS OF THE ISSUER

The Issuer agrees that, so long as there is any amount payable hereunder or the Purchaser owns any Outstanding VMTP Shares:

### 6.1 Information

Without limitation of the other provisions of this Agreement, the Issuer will deliver, or direct the Redemption and Paying Agent to deliver, to the Purchaser:

- (a) as promptly as practicable after the preparation and filing thereof with the Securities and Exchange Commission, each annual and semi-annual report prepared with respect to the Issuer, which delivery may be made by notice of the electronic availability of any such document on a public website;
- (b) notice of any change in (including being put on Credit Watch or Watchlist), or suspension or termination of, the ratings on the VMTP Shares by any Rating Agency (and any corresponding change in the Rating Agency Guidelines applicable to the VMTP Shares associated with any such change in the rating from any Rating Agency) or any change of a Rating Agency rating the VMTP Shares as promptly as practicable upon the occurrence thereof;
- (c) notice of any redemption or other repurchase of any or all of the VMTP Shares as provided in the Articles Supplementary;
- (d) notice of any proposed amendments to any of the Related Documents at such time as the amendments are sent to other parties whose approval is required for such amendment and in any event not less than 10 Business Days prior to any proposed amendment and copies of all actual amendments thereto within five Business Days of being signed or, in each case, as provided in the relevant document;
- (e) notice of any missed, reduced or deferred dividend payment on the VMTP Shares that remains uncured for more than three Business Days as soon as reasonably practicable, but in no event later than one Business Day after expiration of the foregoing grace period;
- (f) notice of the failure to make any deposit provided for under Section 2.5(d) of the Articles Supplementary in respect of a properly noticed redemption as soon as reasonably practicable, but in no event later than two Business Days after discovery of such failure to make any such deposit;
- (g) notice of non-compliance with the Rating Agency Guidelines (if applicable) for more than five Business Days as soon as reasonably practicable, but in no event later than one Business Day after expiration of the foregoing grace period;
- (h) notice of the distribution of net capital gains or ordinary income one Business Day in advance of the Rate Period that such net capital gains or ordinary income will or may be distributed, simultaneously with the Redemption and Paying Agent providing such notice to Designated Owners or their Agent Members;
- (i) notice of any change to any investment adviser or sub-adviser of the Issuer within two Business Days after a resignation or a notice of removal has been sent by or to any investment adviser or sub-adviser;
- (j) notice of any proxy solicitation as soon as reasonably practicable, but in no event later than five Business Days after mailing thereof;
- (k) notice one Business Day after the occurrence thereof of (i) the failure of the Issuer to pay the amount due on any "senior securities" (as defined under the 1940 Act) or other debt at the time outstanding after any period of grace or cure with respect thereto shall have expired; (ii) the failure of the Issuer to pay, or admitting in writing its inability to pay, its debts generally as they become due; or (iii) the failure of the Issuer to pay accumulated dividends on any additional preferred stock ranking *pari passu* with the VMTP Shares, after any period of grace or cure with respect thereto shall have expired;
- (l) notice of a material breach of any representation, warranty or covenant of the Issuer contained in this Agreement, the Registration Rights Agreement or the Articles Supplementary, in each case, only if any officer of the Issuer has actual knowledge of such breach as soon as reasonably practicable, but in no event later than five days, after knowledge of any officer of the Issuer thereof;
- (m) notice of any litigation, administrative proceeding or business development which may reasonably be expected to materially adversely affect the Issuer's business, properties or affairs or to impair the ability of the Issuer to perform its obligations as set forth hereunder or under any of the Related Documents to which it is a party as soon as reasonably practicable, but in no event later than 10 days after knowledge of any officer of the Issuer thereof;
- (n) upon request of the Purchaser, copies of all certificates that the Issuer has delivered to each Rating Agency that are set forth in the respective Rating Agency Guidelines (if applicable) regarding Asset Coverage and all related calculations at such times and containing such information as set forth in the respective Rating Agency Guidelines as soon as reasonably practicable after such certificates have been sent;
- (o) on the 15<sup>th</sup> and last day of each month (each a "**Reporting Date**"), a report of portfolio holdings of the Issuer as of the end of the Business Day immediately preceding each such Reporting Date, prepared on a basis substantially consistent with the periodic reports of portfolio holdings of the Issuer prepared for financial reporting purposes;
- (p) on the 15<sup>th</sup> and last day of each month, the information set forth in Exhibit D to this Agreement and a calculation of the Effective Leverage Ratio and the Asset Coverage of the Issuer as of the close of business of each Business Day since the date of the last report issued pursuant to this Section 6.1(p); and upon the failure of the Issuer to maintain Asset Coverage as provided in Section 2.4(a) of the Articles Supplementary or the Effective Leverage Ratio as required by Section 2.4(c) of the Articles Supplementary, notice of such failure within one Business Day of the occurrence thereof; and
- (q) from time to time such additional information regarding the financial position, results of operations or prospects of the Issuer as the Purchaser may reasonably request including, without limitation, copies of all Information Statements or other offering material with respect to the sale of any securities of the Issuer as soon as reasonably practicable, but in no event later than 10 days after a request.

All information, reports and other papers, documentation and data with respect to the Issuer furnished to the Purchaser pursuant to this Section 6.1 shall be, at the time the same are so furnished, complete and correct in all material respects and, when considered with all other material delivered to the Purchaser under this Agreement or made available pursuant to the Due Diligence Request, will not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. For purposes of Sections 6.1(o) and (p), references to any day that is not a Business Day shall mean the next preceding Business Day.

### 6.2 No Amendment or Certain Other Actions Without Consent of the Purchaser

To the extent that the Purchaser is the Holder or Designated Owner of 75% of the VMTP Shares then outstanding, without the prior written consent of the Purchaser, the Issuer will not agree to, consent to or permit any amendment, supplement, modification or repeal of the Articles Supplementary or any provision therein, nor waive

any provision thereof.

### **6.3 Maintenance of Existence**

The Issuer shall continue to maintain its existence as a corporation under the laws of the State of Maryland, with full right and power to issue the VMTP Shares and to execute, deliver and perform its obligations under this Agreement and each Related Document.

### **6.4 Tax Status of the Issuer**

The Issuer will qualify as a "regulated investment company" within the meaning of Section 851(a) of the Code and the dividends made with respect to the VMTP Shares will qualify as "exempt interest dividends" to the extent they are reported as such by the Issuer and permitted by Section 852(b)(5)(A) of the Code.

### **6.5 Payment Obligations**

The Issuer shall promptly pay or cause to be paid all amounts payable by it hereunder and under the Related Documents, according to the terms hereof and thereof, shall take such actions as may be necessary to include all payments hereunder and thereunder which are subject to appropriation in its budget and make full appropriations related thereto, and shall duly perform each of its obligations under this Agreement and the Related Documents. All payments of any sums due hereunder shall be made in the amounts required hereunder without any reduction or setoff, notwithstanding the assertion of any right of recoupment or setoff or of any counterclaim by the Issuer.

### **6.6 Compliance With Law**

The Issuer shall comply with all laws, ordinances, orders, rules and regulations that may be applicable to it if the failure to comply could have a Material Adverse Effect.

### **6.7 Maintenance of Approvals: Filings, Etc.**

The Issuer shall at all times maintain in effect, renew and comply with all the terms and conditions of all consents, filings, licenses, approvals and authorizations as may be necessary under any applicable law or regulation for its execution, delivery and performance of this Agreement and the other Related Documents to which it is a party.

### **6.8 Inspection Rights**

The Issuer shall, at any reasonable time and from time to time, upon reasonable notice, permit the Purchaser or any agents or representatives thereof, at the Issuer's expense, to examine and make copies of the records and books of account related to the transactions contemplated by this Agreement, to visit its properties and to discuss its affairs, finances and accounts with any of its officers and independent accountants, to the extent permitted by law, provided, however, that the Issuer shall not be required to pay for more than one inspection per fiscal year. The Issuer will not unreasonably withhold its authorization for its independent accountants to discuss its affairs, finances and accounts with the Purchaser.

All information, reports and other papers, documentation and data with respect to the Issuer furnished to the Purchaser pursuant to this Section 6.8 shall be, at the time the same are so furnished, complete and correct in all material respects and, when considered with all other material delivered to the Purchaser under this Agreement or made available pursuant to the Due Diligence Request, will not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

### **6.9 Litigation, Etc.**

The Issuer shall give prompt notice in writing to the Purchaser of any litigation, administrative proceeding or business development which is reasonably expected to materially adversely affect its business, properties or affairs or to impair the ability of the Issuer to perform its obligations as set forth hereunder or under any of the Related Documents.

### **6.10 1940 Act Registration**

The Issuer shall maintain its valid registration as a registered closed-end company under the 1940 Act in full force and effect.

### **6.11 Credit Quality**

As of the Effective Date, the Issuer (1) has invested at least 50% of its Managed Assets in investment grade quality municipal securities that, at the time of investment, were rated within the four highest grades (Baa or BBB or better) by at least one of the NRSROs rating such securities or were unrated but judged to be of comparable quality by the Investment Adviser; and (2) has invested up to 50% of its Managed Assets in municipal securities that at the time of investment were rated below investment grade or were unrated but judged to be of comparable quality by the Investment Adviser, provided that the Issuer has invested no more than 10% of the Issuer's Managed Assets in municipal securities that, at the time of investment, were rated below B3/B- by an NRSRO or that were unrated but judged to be of comparable quality by the Investment Adviser.

### **6.12 Maintenance of Effective Leverage Ratio**

For so long as the Issuer fails to provide the information required under Sections 6.1(o) and 6.1(p), the Purchaser shall calculate, for purposes of Section 2.5(b)(ii)(A) (y) of the Articles Supplementary, the Effective Leverage Ratio using the most recently received information required to be delivered pursuant to Sections 6.1(o) and 6.1(p) and the market values of securities determined by the third-party pricing service which provided the market values to the Issuer on the most recent date that information was properly provided by the Issuer pursuant to the requirements of Section 6.1(o) and 6.1(p). The Effective Leverage Ratio as calculated by the Purchaser in such instances shall be binding on the Issuer. If required, the Issuer shall restore the Effective Leverage Ratio as provided in the Articles Supplementary.

In connection with calculating the Effective Leverage Ratio, the Issuer's total assets and accrued liabilities shall reflect the positive or negative net obligations of the Issuer under each Derivative Contract determined in accordance with the Issuer's valuation policies.

### **6.13 Redemption and Paying Agent**

The Issuer shall use its commercially reasonable best efforts to engage at all times a Redemption and Paying Agent to perform the duties to be performed by the Redemption and Paying Agent specified herein and in the Articles Supplementary.

### **6.14 Cooperation in the Sale of the VMTP Shares**

The Issuer will comply with reasonable due diligence requests from the Purchaser in connection with any proposed sale by the Purchaser of the VMTP Shares in a transaction exempt from registration and otherwise permitted by this Agreement, provided that the Issuer need not comply with more than two of any such requests in

any period of twelve consecutive months and any prospective purchaser of the VMTP Shares from the Purchaser shall execute a confidentiality agreement substantially to the effect of Section 7.13 hereof prior to receiving any due diligence materials provided pursuant to such due diligence request.

All information, reports and other papers, documentation and data with respect to the Issuer furnished to the Purchaser pursuant to this Section 6.14 shall be, at the time the same are so furnished, complete and correct in all material respects and, when considered with all other material delivered to the Purchaser under this Agreement or made available pursuant to the Due Diligence Request, will not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

#### **6.15 Use of Proceeds**

The Issuer shall use the net proceeds from the sale of the VMTP Shares to purchase all or a portion of its APS accepted by the Issuer pursuant to a tender offer to purchase such shares within 15 days of the Effective Date.

#### **6.16 Securities Depository**

The Issuer agrees to maintain settlement of the VMTP Shares in global book entry form through the Securities Depository or such other clearance system acceptable to the Purchaser.

#### **6.17 Future Agreements**

The Issuer shall promptly, at the request of the Purchaser, enter into an agreement, on terms mutually satisfactory to the Issuer and the Purchaser, of the type specified in Section 12(d)(1)(E)(iii) of the 1940 Act, so as to permit the Purchaser or any transferee satisfying the requirements set forth in Section 2.1 to rely on the provisions of Section 12(d)(1)(E)(iii) of the 1940 Act.

#### **6.18 Eligible Assets**

The Issuer shall only make investments in the Eligible Assets described in Exhibit B to this Agreement, as amended from time to time with the prior written consent of the Purchaser, in accordance with the Issuer's investment objectives and the investment policies set forth in the Information Statement, as such investment objectives and investment policies may be modified in accordance with the 1940 Act and applicable law.

### **ARTICLE VII MISCELLANEOUS**

#### **7.1 Notices**

All notices, requests and other communications to any party hereunder shall be in writing (including telecopy, electronic mail or similar writing), except in the case of notices and other communications permitted to be given by telephone, and shall be given to such party at its address or telecopy number or email address set forth below or such other address or telecopy number or email address as such party may hereafter specify for the purpose by notice to the other parties. Each such notice, request or other communication shall be effective when delivered at the address specified in this Section. Except as otherwise specified, notices under Section 6.1 may be given by telephone to the Purchaser at the telephone numbers listed below (or such other telephone numbers as may be designated by the Purchaser, by written notice to the Issuer, to receive such notice), immediately confirmed in writing, including by fax or electronic mail. The notice address for each party is specified below:

- (a) if to the Issuer:

Alliance California Municipal Income Fund, Inc.  
c/o AllianceBernstein L.P.  
1345 Avenue of the Americas  
New York, New York 10105  
Attention: Terry Hults  
Telephone: (212) 969-6453  
Email: terry.hults@abglobal.com

- (b) if to the Purchaser:

Banc of America Preferred Funding Corporation  
One Bryant Park  
1111 Avenue of the Americas, 9<sup>th</sup> Floor  
New York, NY 10036  
Attention: James E. Nacos  
Thomas J. Visone  
Jason Strand  
Telephone: (212) 449-7358 (Nacos & Visone)  
(980) 386-4161 (Strand)  
Email: james.nacos@baml.com  
thomas.visone@baml.com  
jason.strand@bankofamerica.com

#### **7.2 No Waivers**

- (a) The obligations of the Issuer hereunder shall not in any way be modified or limited by reference to any other document, instrument or agreement (including, without limitation, the VMTP Shares or any other Related Document). The rights of the Purchaser hereunder are separate from and in addition to any rights that any Holder or Designated Owner of any VMTP Share may have under the terms of such VMTP Share or any Related Document or otherwise.
- (b) No failure or delay by the Issuer or the Purchaser in exercising any right, power or privilege hereunder or under the VMTP Shares shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No failure or delay by the Issuer or the Purchaser in exercising any right, power or privilege under or in respect of the VMTP Shares or any other Related Document shall affect the rights, powers or privileges of the Issuer or the Purchaser hereunder or shall operate as a limitation or waiver thereof. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

#### **7.3 Expenses and Indemnification**



- (a) The Issuer shall upon demand either, as the Purchaser may require, pay in the first instance or reimburse the Purchaser (to the extent that payments for the following items are not made under the other provisions hereof) for all reasonable out-of-pocket expenses (including reasonable fees and costs of outside counsel, and reasonable consulting, accounting, appraisal, investment banking, and similar professional fees and charges) incurred by the Purchaser in connection with the enforcement of or preservation of rights under this Agreement. The Issuer shall not be responsible under this Section 7.3(a) for the fees and costs of more than one law firm in any one jurisdiction with respect to any one proceeding or set of related proceedings for the Purchaser, unless the Purchaser shall have reasonably concluded that there are legal defenses available to it that are different from or additional to those available to the Issuer.
- (b) The Issuer agrees to indemnify and hold harmless the Purchaser and each other Indemnified Person of the Purchaser from and against any losses, claims, damages, liabilities and reasonable out-of-pocket expenses incurred by them (including reasonable fees and disbursements of outside counsel) that are related to or arise out of (A) any material misstatements or any material statements omitted to be made in the Information Statement (including any documents incorporated by reference therein) or (B) any claim by any third party relating to the offering or sale of the VMTP Shares by the Issuer or the holding of the VMTP Shares by the Purchaser (i) that such Purchaser aided and abetted a breach of a fiduciary duty by the Issuer or any director or officer of the Issuer or (ii) arising from any act by the Issuer or any director or officer of the Issuer (excluding in any such case clauses (A) or (B)), claims, losses, liabilities or expenses arising out of or resulting from the gross negligence or willful misconduct of any Indemnified Person as determined by a court of competent jurisdiction, and any consequential, special or punitive damages or losses consisting of trading losses, speculative losses, loss of profit or loss of business opportunity).
- (c) The indemnifying party also agrees that if any indemnification sought by an Indemnified Person pursuant to this Agreement is unavailable or insufficient, for any reason, to hold harmless the Indemnified Persons of such other party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), then the indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, liabilities, damages and expenses (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the Issuer on the one hand and the Purchaser on the other hand from the actual or proposed transactions giving rise to or contemplated by this Agreement or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the Issuer on the one hand and the Purchaser on the other, in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages, liabilities or expenses (or actions in respect thereof), as well as any other relevant equitable considerations; provided that in any event the aggregate contribution of the Purchaser and their Indemnified Persons to all losses, claims, damages, liabilities and expenses with respect to which contributions are available hereunder will not exceed the amount of dividends actually received by the Purchaser from the Issuer pursuant to the proposed transactions giving rise to this Agreement. For purposes of determining the relative benefits to the Issuer on the one hand, and the Purchaser on the other, under the proposed transactions giving rise to or contemplated by this Agreement, such benefits shall be deemed to be in the same proportion as (i) the total value received or proposed to be received by the Issuer pursuant to the transactions, whether or not consummated bears to (ii) the dividends and Optional Redemption Premium paid by the Issuer to the Purchaser in connection with the proposed transactions giving rise to or contemplated by this Agreement. The relative fault of the parties shall be determined by reference to, among other things, whether the actions taken or omitted to be taken in connection with the proposed transactions contemplated by this Agreement (including any misstatement of a material fact or the omission to state a material fact) relates to information supplied by the Issuer on the one hand, or the Purchaser on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, misstatement or alleged omission, and any other equitable considerations appropriate in the circumstances. No person found liable for a fraudulent misrepresentation shall be entitled to contribution from any person who is not also found liable for such fraudulent misrepresentation. The indemnity, reimbursement and contribution obligations under this Agreement shall be in addition to any rights that any Indemnified Person may have at common law or otherwise.
- (d) If any action, suit, proceeding or investigation is commenced, as to which an Indemnified Person proposes to demand indemnification, it shall notify the indemnifying party with reasonable promptness; provided, however, that any failure by such Indemnified Person to notify the indemnifying party shall not relieve the indemnifying party from its obligations hereunder (except to the extent that the indemnifying party is materially prejudiced by such failure to promptly notify). The indemnifying party shall be entitled to assume the defense of any such action, suit, proceeding or investigation, including the employment of counsel reasonably satisfactory to the Indemnified Person. The Indemnified Person shall have the right to counsel of its own choice to represent it, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the indemnifying party has failed promptly to assume the defense and employ counsel reasonably satisfactory to the Indemnified Person in accordance with the preceding sentence or (ii) the Indemnified Person shall have been advised by counsel that there exist actual or potential conflicting interests between the indemnifying party and such Indemnified Person, including situations in which one or more legal defenses may be available to such Indemnified Person that are different from or additional to those available to the indemnifying party; provided, however, that the indemnifying party shall not, in connection with any one such action or proceeding or separate but substantially similar actions or proceedings arising out of the same general allegations be liable for fees and expenses of more than one separate firm of attorneys at any time for all Indemnified Persons of such other party; and such counsel shall, to the extent consistent with its professional responsibilities, cooperate with the indemnifying party and any counsel designated by the indemnifying party.

Each party further agrees that it will not, without the prior written consent of the other parties (the consent of a party shall not be required to the extent such party is neither requesting indemnification nor being requested to provide indemnification), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any Indemnified Person is an actual or potential party to such claim, action, suit or proceeding) unless such settlement, compromise or consent includes an unconditional release of each other Indemnified Person from all liability and obligations arising therefrom. The Issuer further agrees that none of the Purchaser, nor any of its affiliates, nor any directors, officers, partners, employees, agents, representatives or control persons of the Purchaser or any of its affiliates shall have any liability to the Issuer arising out of or in connection with the proposed transactions giving rise to or contemplated by this Agreement except for such liability for losses, claims, damages, liabilities or expenses to the extent they have resulted from the Purchaser's or its affiliates' gross negligence or willful misconduct. No Indemnified Person shall be responsible or liable to the indemnifying party or any other person for consequential, special or punitive damages which may be alleged as a result of this Agreement.

- (e) Nothing in this Section 7.3 is intended to limit any party's obligations contained in other parts of this Agreement or the VMTP Shares.

#### 7.4 Amendments and Waivers

Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Issuer and the Purchaser; provided, that the Issuer shall not make or agree to any amendment or waiver to the Charter or the Articles Supplementary that affects any preference, right or power of the VMTP Shares or the Holders or Designated Owners thereof except as permitted under the Charter or the Articles Supplementary.

#### 7.5 Successors and Assigns

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Neither the Issuer nor the Purchaser may assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other party (other than by operation of law), except that (1) any transferee satisfying the requirements set forth in Section 2.1 and which has executed and delivered to the Issuer the transferee certificate attached as Exhibit C shall, prior to registration of any VMTP Shares under the Securities Act, have the rights set forth in Section 6.17 and Section 7.15 and shall, so long as such transferee has provided a means for the Issuer to transmit such information electronically to it, be entitled to receive the information delivered pursuant to Sections 6.1(o) and 6.1(p) and such transferees shall be deemed a party to this Agreement for purposes of Sections 6.1(o), 6.1(p) and the confidentiality provisions herein as specified in the transferee certificate and (2) the Purchaser may assign its rights or obligations to any affiliate of the Purchaser or any tender option bond trust in which the Purchaser retains the entire residual interest. Any assignment without such prior written consent shall be void.

## 7.6 Term of this Agreement

This Agreement shall terminate on the earlier of (a) the registration of any Outstanding VMTP Shares under the Securities Act and (b) payment in full of all amounts then due and owing to the Purchaser hereunder and under the VMTP Shares; and notwithstanding any termination of this Agreement, Section 7.3, Section 7.7, Section 7.8, Section 7.10, Section 7.11, the second sentence of Section 7.12, and Section 7.13 (for a period of two years after the termination of this Agreement) shall remain in full force and effect.

## 7.7 Governing Law

This Agreement shall be construed in accordance with and governed by the domestic law of the State of New York.

THE PARTIES HERETO HEREBY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND NEW YORK STATE COURTS LOCATED IN THE CITY OF NEW YORK IN CONNECTION WITH ANY DISPUTE RELATED TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY.

## 7.8 Waiver of Jury Trial

The Issuer and the Purchaser hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against any other on any matters whatsoever arising out of or in any way connected with this Agreement.

## 7.9 Counterparts

This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Any counterpart or other signature delivered by facsimile or by electronic mail shall be deemed for all purposes as being a good and valid execution and delivery of this Agreement by that party.

## 7.10 Beneficiaries

This Agreement is not intended and shall not be construed to confer upon any Person other than the parties hereto and their successors and permitted assigns any rights or remedies hereunder.

## 7.11 Entire Agreement

Except as set forth in Section 7.5, this Agreement shall constitute the entire agreement and understanding between the parties hereto with respect to the matters set forth herein and shall supersede any and all prior agreements and understandings relating to the subject matter hereof.

## 7.12 Relationship to the Articles Supplementary

The Issuer and the Purchaser agree that the representations, warranties, covenants and agreements contained in this Agreement are in addition to the terms and provisions set forth in the Articles Supplementary. As between the Issuer and the Purchaser, the Issuer and the Purchaser agree that Section 2.10(d) of the Articles Supplementary shall have no effect for so long as none of the VMTP Shares have been registered under the Securities Act.

## 7.13 Confidentiality

Any information delivered by a party to this Agreement to any other party pursuant to this Agreement, including, without limitation, pursuant to Section 6.1 in the case of the Issuer (collectively, the "Information"), shall not be disclosed by such other party (or its employees, representatives or agents) to any person or entity (except as required by law or to such of its agents and advisors as need to know and agree to be bound by the provisions of this paragraph) or used by such other party for any purpose other than as contemplated by this Agreement without the prior written consent of the party delivering the Information.

The obligations of confidentiality set out in the preceding paragraph do not extend to Information that is or becomes available to the public or is or becomes available to the party receiving the Information on a non-confidential basis or is disclosed to Holders or Designated Owners or potential Holders or Designated Owners, in each case in their capacity as such, in the offering documents of the Issuer, in notices to Holders or Designated Owners pursuant to one or more of the Related Documents or pursuant to the Issuer's or the Purchaser's informational obligations under Rule 144A(d)(4) or other reporting obligation of the Securities and Exchange Commission; or is required or requested to be disclosed (i) by a regulatory agency or in connection with an examination of either party or its representatives by regulatory authorities, (ii) pursuant to subpoena or other court process, (iii) at the express direction of any other authorized government agency, (iv) to its independent attorneys or auditors, (v) as required by any NRSRO, (vi) as otherwise required by law or regulation, (vii) otherwise in connection with the enforcement of this Agreement, (viii) in connection with the exercise of any remedies hereunder or in any suit, action or proceeding relating to this Agreement and the enforcement of rights hereunder, (ix) by a prospective purchaser of the VMTP Shares that is (a) a transferee that would be permitted pursuant to Section 2.1(b) of this Agreement and (b) aware of the confidentiality provisions of this Section 7.13 and is subject to an agreement with the transferor containing provisions substantially similar thereto and that states that the Issuer is an express third party beneficiary thereof, (x) subject to an agreement containing provisions substantially similar to those of this Section 7.13, or (xi) subject to an agreement containing provisions substantially similar to those of this Section 7.13 and with the prior written consent of the other party to this Agreement, which consent shall not be unreasonably withheld, to any actual or prospective counterparty in any swap or derivative transactions. For the avoidance of doubt, references in this Section 7.13 to "regulatory agency," "regulatory authorities," "government agency" and "law or regulation" shall be deemed to include the Internal Revenue Service and state taxation authorities.

## 7.14 Severability

In case any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby so long as the intent of the Parties to this Agreement shall be preserved.

## 7.15 Consent Rights of the Majority Participants to Certain Actions.

For so long as none of the VMTP Shares have been registered under the Securities Act, without the affirmative vote or consent of the Majority Participants, neither the Issuer nor the Board of Directors will take or authorize the taking of any of the actions set forth under clauses (a) through (e) of this Section 7.15:

- (a) The termination by the Issuer of any Rating Agency or the selection of any Other Rating Agency, either in replacement for a Rating Agency or as an additional Rating Agency with respect to the VMTP Shares.

- (b) The Issuer issuing or suffering to exist any "senior security" (as defined in the 1940 Act as of the date hereof, but not including a Derivative Contract, or, in the event such definition shall be amended, with such changes to the definition thereof as consented to by the Majority Participants) other than the VMTP Shares issued and sold pursuant to this Agreement or indebtedness for borrowed money of the Issuer, except (i) borrowings for temporary purposes in an amount not to exceed 5% of the assets of the Issuer, which borrowings are repaid within 60 days, (ii) the issuance of senior securities or the incurrence of indebtedness for borrowed money, the proceeds of which will be used for the redemption or repurchase of the VMTP Shares and costs incurred in connection therewith, (iii) the Issuer's previously issued and outstanding APS and (iv) as may be otherwise approved or consented to by the Majority Participants, provided that if any such "senior security" is created or incurred by the Issuer it shall not require the approval of the Majority Participants if the Issuer redeems, retires or terminates such "senior security" or otherwise cures such non-compliance within five Business Days of receiving notice of the existence thereof.
- (c) The Issuer (i) creating or incurring or suffering to be incurred or to exist any lien on any other funds, accounts or other property held under the Charter or the Articles Supplementary, except as permitted by the Charter or the Articles Supplementary or (ii) except for any lien for the benefit of the Custodian of the Issuer on the assets of the Issuer held by such Custodian, pledging any portfolio security to secure any senior securities or other liabilities to be incurred by the Issuer (including under any tender option bond trust of which the residual floating rate trust certificates will be owned by the Issuer) unless the securities pledged pursuant to all such pledges or other security arrangements are valued for purposes of such security arrangements in an aggregate amount not less than 70% of their aggregate market value (determined by an independent third party pricing service) for purposes of determining the value of the collateral required to be posted or otherwise provided under all such security arrangements; provided, that the required collateral value under such security arrangements shall not exceed the market value of the exposure of each secured party to the credit of the Issuer; and provided further, that it shall not require the approval of the Majority Participants if any pledge or security interest in violation of the preceding sentence is created or incurred by the Issuer and the Issuer cures such violation within five Business Days of receiving notice of the existence thereof.
- (d) Approval of any amendment, alteration or repeal of any provision of the Charter or the Articles Supplementary, whether by merger, consolidation or otherwise, that would affect any preference, right or power of the VMTP Shares differentially from the rights of the holders of the Common Shares; or
- (e) Approval of any action to be taken pursuant to Sections 2.5(g) of the Articles Supplementary (other than the issuance of additional series of Variable Rate MuniFund Term Preferred Shares or other Preferred Shares, the proceeds of which will be used for the redemption or repurchase of the VMTP Shares and costs incurred in connection therewith).

In addition, if the Board of Directors shall designate a replacement to the S&P Weekly High Grade Municipal Index pursuant to the definition of SIFMA Municipal Swap Index contained in the Articles Supplementary, the Issuer shall notify the Holders of the VMTP Shares within five Business Days of such designation, and if within 30 days of such notice the Majority Participants shall have objected in writing to the designated replacement, the Board of Directors shall designate a replacement to such index as agreed to between the Issuer and the Majority Participants. In such event, the replacement index initially approved by the Board of Directors shall be the index in effect for purposes of the Articles Supplementary until a new index has been approved by the Issuer and the Majority Participants.

[The remainder of this page has been intentionally left blank.]

---

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**THE FUND:**

Alliance California Municipal Income Fund, Inc.

By: /s/ Robert M. Keith  
Name: Robert M. Keith  
Title: President

**THE SHAREHOLDER:**

Banc of America Preferred Funding Corporation

By: /s/ Edward Curland  
Name: Edward Curland  
Title: Authorized Signatory

---

**SCHEDULE 1**

Description of VMTP Shares: 1,605 Alliance California Municipal Income Fund, Inc. VMTP Shares with a Liquidation Preference of \$25,000 per share.

---

SCHEDULE 2

1. Aberdeen Investment Management Inc.
  2. American Century Investment Management, Inc.
  3. BMO Harris Financial Advisors, Inc.
  4. The Dreyfus Corporation
  5. BlackRock Advisors, LLC
  6. Capital Research and Management Company
  7. Charles Schwab Investment Management, Inc.
  8. Columbia Management Investment Advisors, LLC
  9. Cutwater Asset Management Corp.
  10. Delaware Management Business Trust
  11. Deutsche Investment Management Americas Inc.
  12. Eaton Vance Management
  13. Federated Investment Management Company
  14. Fidelity Management & Research Company
  15. First Investors Management Company, Inc.
  16. Franklin Advisers, Inc.
  17. GE Asset Management Incorporated
  18. Goldman Sachs Asset Management, L.P.
  19. Invesco Advisers Inc.
  20. John Hancock Advisers, LLC
  21. J.P. Morgan Investment Management Inc.
  22. Lord Abbett & Co. LLC
  23. MacKay Shields LLC
  24. Massachusetts Financial Services Company
  25. Morgan Stanley Investment Management Inc.
  26. McDonnell Investment Management, LLC
  27. Northern Trust Investments, Inc.
  28. Nuveen Fund Advisors, LLC
  29. OFI Global Asset Management, Inc.
  30. Payden & Rygel
  31. Pacific Investment Management Company LLC
  32. Principal Management Corporation
  33. Prudential Investment Management, Inc.
  34. Putnam Investment Management, LLC
  35. Silvercrest Asset Management Group, LLC
  36. Sit Investment Associates, Inc.
  37. T Rowe Price Associate, Inc.
  38. UBS Global Asset Management (Americas) Inc.
  39. The Vanguard Group, Inc.
  40. Waddell & Reed, Inc.
  41. Western Asset Management Company
  42. Wells Capital Management Incorporated
-

**EXHIBIT A**

**FORMS OF OPINIONS OF COUNSEL FOR THE ISSUER**

---

**EXHIBIT A-1**

**FORM OF CORPORATE AND 1940 ACT OPINION**

**[ON FILE]**

---



EXHIBIT A-2

FORM OF TAX OPINION

[ON FILE]

---

**EXHIBIT A-3**

**FORM OF LOCAL COUNSEL OPINION**

**[ON FILE]**

---

**EXHIBIT B**  
**ELIGIBLE ASSETS**

On the Effective Date and at all times thereafter:

1. All assets in the Issuer consist of "Eligible Assets", defined to consist only of the following as of the time of investment:

A. Debt obligations

i. "Municipal securities", defined as obligations of a State, the District of Columbia, a U.S. territory, or a political subdivision thereof and including general obligations, limited obligation bonds, revenue bonds, and obligations that satisfy the requirements of section 142(b)(1) of the Internal Revenue Code of 1986 issued by or on behalf of any State, the District of Columbia, any U.S. territory or any political subdivision thereof, including any municipal corporate instrumentality of 1 or more States, or any public agency or authority of any State, the District of Columbia, any U.S. territory or any political subdivision thereof. The purchase of any municipal security will be based upon the Investment Adviser's assessment of an asset's relative value in terms of current yield, price, credit quality, and future prospects; and the Investment Adviser will monitor the creditworthiness of the Issuer's portfolio investments and analyze economic, political and demographic trends affecting the markets for such assets. Eligible Assets shall include any municipal securities that at the time of purchase are paying scheduled principal and interest or if at the time of purchase are in payment default, then in the sole judgment of the Investment Adviser are expected to produce payments of principal and interest whose present value exceeds the purchase price.

ii. Debt obligations of the United States.

iii. Debt obligations issued, insured, or guaranteed by a department or an agency of the U.S. Government, if the obligation, insurance, or guarantee commits the full faith and credit of the United States for the repayment of the obligation.

iv. Debt obligations of the Washington Metropolitan Area Transit Authority guaranteed by the Secretary of Transportation under Section 9 of the National Capital Transportation Act of 1969.

v. Debt obligations of the Federal Home Loan Banks.

vi. Debt obligations, participations or other instruments of or issued by the Federal National Mortgage Association or the Government National Mortgage Association.

vii. Debt obligations which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to sections 305 or 306 of the Federal Home Loan Mortgage Corporation Act.

viii. Debt obligations of any agency named in 12 U.S.C. Sec. 24(Seventh) as eligible to issue obligations that a national bank may underwrite, deal in, purchase and sell for the bank's own account, including qualified Canadian government obligations.

ix. Debt obligations of issuers other than those specified in (i) through (viii) above that are "investment grade" and that are "marketable." For these purposes, an obligation is:

(aa) "marketable" if:

- it is registered under the Securities Act;
- it is offered and sold pursuant to Securities and Exchange Commission Rule 144A; 17 CFR 230.144A; or
- it can be sold with reasonable promptness at a price that corresponds reasonably to its fair value; and

(bb) "investment grade" if:

- the obligor had adequate capacity to meet financial commitments under the security for the projected life of the asset or exposure, which capacity is presumed if the risk of default by the obligor is low and the full and timely repayment of principal and interest is expected.

x. Certificates or other securities evidencing ownership interests in a municipal bond trust structure (generally referred to as a tender option bond structure) that invests in (a) debt obligations of the types described in (i) above or (b) depository receipts reflecting ownership interests in accounts holding debt obligations of the types described in (i) above.

xi. The bonds, notes and other debt securities referenced in (A) above shall be defined as Eligible Assets. An asset shall not lose its status as an Eligible Asset solely by virtue of the fact that:

- it provides for repayment of principal and interest in any form including fixed and floating rate, zero interest, capital appreciation, discount, leases, and payment in kind; or
- it is for long-term or short-term financing purposes.

B. Derivatives

i. Interest rate derivatives;

ii. Swaps, futures, forwards, structured notes, options and swaptions related to Eligible Assets or on an index related to Eligible Assets; or

iii. Credit default swaps.

C. Other Assets

i. Shares of other investment companies (open- or closed-end funds and ETFs) the assets of which consist entirely of Eligible Assets based on the Investment Adviser's assessment of the assets of each such investment company taking into account the investment company's most recent publicly available schedule of investments and publicly disclosed investment policies.

ii. Cash.

iii. Repurchase agreements on assets described in A above.

iv. Taxable fixed-income securities, for the purpose of acquiring control of an issuer whose municipal bonds (a) the Issuer already owns and (b) have deteriorated or are expected shortly to deteriorate that such investment should enable the Issuer to better maximize its existing investment in such issuer, provided that the Issuer may invest no more than 0.5% of its total assets in such securities.

D. Other assets, upon written agreement of all Holders of the VMTP Shares ("Holders") that such assets are eligible for purchase by the Holder.

2. The Investment Adviser has instituted policies and procedures that it believes are sufficient to ensure that the Issuer and it comply with the representations, warranties and covenants contained in this Exhibit to the Agreement.

3. The Issuer will, upon request, provide the Holders and their internal and external auditors and inspectors as the Purchaser may from time to time designate, with all reasonable assistance and access to information and records of the Issuer relevant to the Issuer's compliance with and performance of the representations, warranties and covenants contained in this Exhibit to the Agreement, but only for the purposes of internal and external audit.

---

## EXHIBIT C

### TRANSFeree CERTIFICATE

Alliance California Municipal Income Fund, Inc.  
1345 Avenue of the Americas  
New York, New York 10105  
Attention: Stephen Laffey

Ladies and Gentlemen:

Reference is hereby made to the Purchase Agreement (the "Purchase Agreement"), dated as of September 1, 2015, between Alliance California Municipal Income Fund, Inc., a closed-end fund organized as a Maryland corporation (the "Fund") and Banc of America Preferred Funding Corporation, a Delaware corporation, including its successors by merger or operation (the "Transferor"). Capitalized terms used but not defined herein shall have the meanings given them in the Purchase Agreement.

In connection with the proposed sale by the Transferor of \_\_\_\_\_ VMTP Shares (the "Transferred Shares") to the undersigned transferee (the "Transferee"), the undersigned agrees and acknowledges, on its own behalf, and makes the representations and warranties, on its own behalf, as set forth in this certificate (this "Transferee Certificate") to the Fund and the Transferor:

1. The Transferee certifies to one of the following (check a box):

it is a "qualified institutional buyer" (a "QIB") (as defined in Rule 144A under the Securities Act or any successor provision) ("Rule 144A") that is (a) a registered closed-end management investment company, the shares of which are traded on a national securities exchange, or registered open-end management investment company, in either case, that (X) is either sponsored or managed by an entity listed on Schedule 2 to the Purchase Agreement or any other entity that is controlled by, controlling or under common control with an entity listed on Schedule 2 and (Y) invests primarily in municipal obligations (each, a "Registered Investment Company"); (b) bank or entity that is a 100% direct or indirect subsidiary of a bank's publicly traded parent holding company (collectively, "Banks"); or (c) an insurance company, in each case, pursuant to Rule 144A or another available exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), in a manner not involving any public offering within the meaning of Section 4(a)(2) of the Securities Act;

it is a tender option bond trust in which all investors are QIBs that are Registered Investment Companies, Banks or insurance companies (or, in the case of a tender option bond trust in which an affiliate of the Purchaser retains a residual interest, an affiliate of the Purchaser that is a wholly owned direct or indirect subsidiary of Bank of America Corporation); or

is a person which the Fund has consented in writing to permit to be the holder of the Transferred Shares.

2. The Transferee certifies that it (check a box):

is not an AllianceBernstein Person that after such sale and transfer, would own more than 20% of the Outstanding VMTP Shares; or

is an AllianceBernstein Person that after such sale and transfer, would own more than 20% of the Outstanding VMTP Shares and it has received the prior written consent of the Fund and the holder(s) of more than 50% of the outstanding VMTP Shares to invest in those shares.

3. The Transferee understands and acknowledges that the Transferred Shares are "restricted securities" and have not been registered under the Securities Act or any other applicable securities law, are being offered for sale pursuant to Rule 144A of the Securities Act or another available exemption from registration under the Securities Act, in a manner not involving any public offering with the meaning of Section 4(a)(2) of the Securities Act, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in a transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in this Transferee Certificate.

4. The Transferee is purchasing the Transferred Shares for its own account for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirements of law that the disposition of its property be at all times within its or their control and subject to its or their ability to resell such securities pursuant to Rule 144A or any exemption from registration available under the Securities Act.

5. The Transferee agrees on its own behalf and on behalf of each subsequent holder or owner of the Transferred Shares by its acceptance thereof will agree to offer, sell or otherwise transfer the Transferred Shares only to (1)(i) to Persons that it reasonably believes are QIBs that are (a) registered closed-end management investment companies, the shares of which are traded on a national securities exchange, and registered open-end management investment companies, in each case, that (X) are either sponsored or managed by an entity listed on Schedule 2 or any other entity that is controlled by, controlling or under common control with an entity listed on Schedule 2 and (Y) invest primarily in municipal obligations (each, a "Registered Investment Company"); (b) banks or entities that are 100% direct or indirect subsidiaries of banks' publicly traded parent holding companies (collectively, "Banks"); or (c) insurance companies, in each case, pursuant to Rule 144A or another available exemption from registration under the Securities Act, in a manner not involving any public offering within the meaning of Section 4(a)(2) of the Securities Act, (ii) to tender option bond trusts in which all investors are Persons that the Transferor reasonably believes are QIBs that are Registered Investment Companies, Banks or insurance companies (or, in the case of a tender option bond trust in which an affiliate of the Purchaser retains a residual interest, an affiliate of the Purchaser that is a wholly owned direct or indirect subsidiary of Bank of America Corporation) or (iii) to other investors with the prior written consent of the Issuer and (2) unless the prior written consent of the Issuer and the Majority Participants has been obtained, not AllianceBernstein Persons if such AllianceBernstein Persons would, after such sale and transfer, own more than 20% of the Outstanding VMTP Shares.

6. The Transferee acknowledges that the VMTP Shares were issued in book-entry form and are represented by one global certificate and that the global certificate representing the VMTP Shares (unless sold to the public in an underwritten offering of the VMTP Shares pursuant to a registration statement filed under the Securities Act) contains a legend substantially to the following effect:

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (1)(I) TO PERSONS THAT IT REASONABLY BELIEVES ARE QUALIFIED INSTITUTIONAL BUYERS THAT ARE (A) REGISTERED CLOSED-END MANAGEMENT INVESTMENT COMPANIES, THE SHARES OF WHICH ARE TRADED ON A NATIONAL SECURITIES EXCHANGE, AND REGISTERED OPEN-END MANAGEMENT INVESTMENT COMPANIES, IN EACH CASE, THAT (X) ARE EITHER SPONSORED OR MANAGED BY AN ENTITY LISTED ON SCHEDULE 2 TO THE PURCHASE AGREEMENT OR ANY OTHER ENTITY THAT IS CONTROLLED BY, CONTROLLING OR UNDER COMMON CONTROL WITH AN ENTITY LISTED ON SCHEDULE 2 TO THE PURCHASE AGREEMENT AND (Y) INVEST PRIMARILY IN MUNICIPAL OBLIGATIONS (EACH, A "REGISTERED INVESTMENT COMPANY"); (B) BANKS OR ENTITIES THAT ARE 100% DIRECT OR INDIRECT SUBSIDIARIES OF BANKS' PUBLICLY TRADED PARENT HOLDING COMPANIES (COLLECTIVELY, "BANKS"); OR (C) INSURANCE COMPANIES, IN EACH CASE, PURSUANT TO RULE 144A OR ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, IN A MANNER NOT INVOLVING ANY PUBLIC OFFERING WITHIN THE

MEANING OF SECTION 4(a)(2) OF THE SECURITIES ACT, (II) TO TENDER OPTION BOND TRUSTS IN WHICH ALL INVESTORS ARE PERSONS THAT THE HOLDER REASONABLY BELIEVES ARE QIBS THAT ARE REGISTERED INVESTMENT COMPANIES, BANKS OR INSURANCE COMPANIES (OR, IN THE CASE OF A TENDER OPTION BOND TRUST IN WHICH AN AFFILIATE OF THE PURCHASER RETAINS A RESIDUAL INTEREST, AN AFFILIATE OF THE PURCHASER THAT IS A WHOLLY OWNED DIRECT OR INDIRECT SUBSIDIARY OF BANK OF AMERICA CORPORATION) OR (III) TO OTHER INVESTORS WITH THE PRIOR WRITTEN CONSENT OF THE FUND AND (2) UNLESS THE PRIOR WRITTEN CONSENT OF THE FUND AND THE MAJORITY PARTICIPANTS HAS BEEN OBTAINED, NOT ALLIANCEBERNSTEIN PERSONS IF SUCH ALLIANCEBERNSTEIN PERSONS WOULD, AFTER SUCH SALE AND TRANSFER, OWN MORE THAN 20% OF THE OUTSTANDING VMTP SHARES.

ANY TRANSFER IN VIOLATION OF THE FOREGOING TRANSFER RESTRICTIONS WILL BE VOID AB INITIO AND ANY TRANSFEREE OF VMTP SHARES TRANSFERRED IN VIOLATION OF THE FOREGOING RESTRICTIONS SHALL BE DEEMED TO AGREE TO HOLD ALL PAYMENTS IT RECEIVED ON ANY IMPROPERLY TRANSFERRED VMTP SHARES IN TRUST FOR THE BENEFIT OF THE TRANSFEROR OF SUCH VMTP SHARES.

7. The Transferee has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Transferred Shares, and has so evaluated the merits and risks of such investment. The Transferee is able to bear the economic risk of an investment in the Transferred Shares and, at the present time, is able to afford a complete loss of such investment.

8. The Transferee is not purchasing the Transferred Shares as a result of any advertisement, article, notice or other communication regarding the Transferred Shares published in, nor was it offered the Transferred Shares by, any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or, to its knowledge, any other general solicitation or general advertisement.

9. Other than consummating the purchase of the Transferred Shares, the Transferee has not directly or indirectly, nor has any person acting on behalf of or pursuant to any understanding with the Transferee, executed any other purchases of securities of the Fund which may be integrated with the proposed purchase of the Transferred Shares by the Transferee.

10. The Transferee acknowledges that it has received a copy of the Purchase Agreement and Appendices thereto and agrees to abide by any obligations therein binding on a transferee of the VMTP Shares and the confidentiality obligations therein with respect to information relating to the Fund as if it were the Transferor.

11. The Transferee acknowledges that it has received a copy of the Registration Rights Agreement and agrees to abide by any obligations therein binding on a transferee of the VMTP Shares.

12. The Transferee acknowledges that it has been given the opportunity to obtain from the Fund the information referred to in Rule 144A(d)(4) under the Securities Act, and has either declined such opportunity or has received such information and has had access to and has reviewed all information, documents and records that it has deemed necessary in order to make an informed investment decision with respect to an investment in the Transferred Shares and that the Transferee understands the risk and other considerations relating to such investment.

13. The Transferee acknowledges that it has sole responsibility for its own due diligence investigation and its own investment decision relating to the Transferred Shares. The Transferee understands that any materials presented to the Transferee in connection with the purchase and sale of the Transferred Shares does not constitute legal, tax or investment advice from the Fund. The Transferee has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with the purchase of the Transferred Shares.

14. The Transferee acknowledges that each of the Transferor and the Fund and their respective affiliates and others will rely on the acknowledgments, representations and warranties contained in this Transferee's Certificate as a basis for exemption of the sale of the Transferred Shares under the Securities Act, under the securities laws of all applicable states, and for other purposes. The Transferee agrees to promptly notify the Fund and the Transferor if any of the acknowledgments, representations or warranties set forth herein are no longer accurate.

15. This Transferee's Certificate shall be governed by and construed in accordance with the laws of the State of New York.

16. The Transferee agrees to provide, together with this completed and signed Transferee's Certificate, a completed and signed IRS Form W-9, Form W-8 or successor form, as applicable.

[Signature Page Follows.]

---

The undersigned has provided a completed and signed IRS Form W-9, Form W-8 or successor form, as applicable, and has caused this Transferee's Certificate to be executed by its duly authorized representative as of the date set forth below.

Date: \_\_\_\_\_

Name of Transferee (use exact name in which Transferred Shares are to be registered):

\_\_\_\_\_

Authorized Signature

\_\_\_\_\_

Print Name and Title

\_\_\_\_\_

Address of Transferee for Registration of Transferred Shares:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Transferee's taxpayer identification number:

\_\_\_\_\_

---

**EXHIBIT D**

**INFORMATION TO BE PROVIDED BY THE ISSUER**

Reporting as of: \_\_\_\_\_

TOB Floaters: \$ \_\_\_\_\_

<b>CUSIP</b> [●]	<b>Portfolio Name</b> [●]	<b>Description</b> [●]	<b>Market Value</b> [●]	<b>Par Value</b> [●]	<b>Rating</b> [●]	<b>State</b> [●]
---------------------	------------------------------	---------------------------	----------------------------	-------------------------	----------------------	---------------------



## EXHIBIT E

### ADDITIONAL REPRESENTATIONS AND WARRANTIES

(Given only as of the Effective Date)

1. Assuming compliance by the Purchaser of its representations, warranties, covenants and agreements in this Agreement, no registration of the VMTP Shares under the Securities Act is required.
2. As of the Effective Date, the VMTP Shares will satisfy the eligibility requirements of Rule 144A(d)(3) under the Securities Act, and no securities of the same class (within the meaning of Rule 144A(d)(3) under the Securities Act) as the VMTP Shares are listed on any national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.
3. The Issuer will ensure that any Bloomberg screen containing information about the VMTP Shares includes the following (or similar) language:
  - the "Note Box" on the bottom of the "Security Display" page describing the VMTP Shares will state: "Iss'd Under 144A."
  - the "Security Display" page will have flashing a red indicator "See Other Available Information."
  - the indicator will link to the "Additional Security Information" page, which will state that the securities "are being offered in reliance on the exemption from registration under Rule 144A of the Securities Act to persons who are qualified institutional buyers (as defined in Rule 144A under the Securities Act)."
4. The Issuer will instruct The Depository Trust Company ("DTC") to take these or similar steps with respect to the VMTP Shares:
  - the DTC 20-character security descriptor and 48-character additional descriptor will indicate that sales are limited to QIBs.
5. The Issuer has confirmed that CUSIP has established a "fixed field" attached to the CUSIP number for the VMTP Shares containing the "144A" indicator.
6. The Issuer has made in the past five (5) years all the filings with the SEC that it is required to make under the 1940 Act and the rules and regulations thereunder (the "1940 Act Rules and Regulations") (each such filing, a "1940 Act Document") and each 1940 Act Document complied at the time of filing in all material respects with the requirements of the 1940 Act and the 1940 Act Rules and Regulations.
7. Other than pursuant to the Registration Rights Agreement, no holders of the VMTP Shares have rights to the registration of such VMTP Shares.
8. The Issuer is not in violation or default of any provision of its Charter or the Articles Supplementary, or in material violation of (i) the terms of any material indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or bound or to which its property is subject or (ii) any material statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Issuer or any of its properties, except to the extent that the same could not be reasonably expected to give rise to a Material Adverse Effect.
9. The Issuer has not distributed and, prior to the Effective Date, will not distribute any written material in connection with the offer of the VMTP Shares other than the Information Statement (including any amendments or supplements thereto) and copies of the Articles Supplementary, the Purchase Agreement and the Registration Rights Agreement.
10. The Issuer has not taken, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Issuer to facilitate the sale of the VMTP Shares, and the Issuer is not aware of any such action taken or to be taken by any affiliates of the Issuer.
11. Each of the Advisory Agreement, dated January 28, 2002, between the Issuer and the Investment Adviser, the Custody Agreement, dated as of January 31, 2002, among various registered investment companies advised by the Investment Adviser and State Street Bank and Trust Company; and the Transfer Agency and Service Agreement, amended as of September 1, 2015, between the Issuer and Computershare, Inc. complies in all material respects with all applicable provisions of the 1940 Act, the 1940 Act Rules and Regulations and the Advisory Agreement has been approved in accordance with Sections 15(a) and (c) of the 1940 Act.
12. Other than those taxes and fees that customary in connection with the sale of securities, there are no transfer taxes or other similar fees or charges under federal law or the laws of any state, or any political subdivision thereof, required to be paid in connection with the execution and delivery of this Agreement or the issuance by the Issuer of the VMTP Shares.
13. The Issuer has adopted and implemented written policies and procedures reasonably designed to prevent violation of the Federal Securities Laws (as that term is defined in Rule 38a-1 under the 1940 Act) by the Issuer, including policies and procedures that provide oversight of compliance by each investment adviser and transfer agent of the Issuer.
14. Assuming compliance by the Purchaser of its representations, warranties, covenants and agreements in this Agreement, the offer and sale of the VMTP Shares has been conducted in a manner by the Issuer and its agents so as not to violate any applicable federal securities laws, including the 1940 Act and the 1940 Act Rules and Regulations, the Advisers Act and the Advisers Act Rules and Regulations, or any applicable state laws.