ITEM 6

REQUEST FOR HOUSING AUTHORITY ACTION CITY OF SAN DIEGO		CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)
TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Housing Commission	DATE: 7/13/2017
SUBJECT: Bella Vista Apartments – Construction Financing Taxable Note		
PRIMARY CONTACT (NAME, PHONE): Ted Miyahara,619-578-7548	SECONDARY CONTACT (NAME, PHONE): ,	

COMPLETE FOR ACCOUNTING PURPOSES

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): The proposed funding sources and uses approved by this action are included in the Housing Authority approved Fiscal Year (FY) 2018 Housing Commission Budget. Approving this action will not change the FY 2018 total budget.
Please refer to staff report for further information.

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Liaison Office		ORIG DEPT.	Davis, Jeff	07/13/2017
		CFO		
		DEPUTY CHIEF	Graham, David	07/17/2017
		COO		
		CITY ATTORNEY	Slegers, Nathan	07/18/2017
		COUNCIL PRESIDENTS OFFICE	Demorest, Erin	07/19/2017

PREPARATION OF: ☒ RESOLUTIONS ☐ ORDINANCE(S) ☐ AGREEMENT(S) ☐ DEED(S)

That the Housing Authority of the City of San Diego (Housing Authority) take the following action:

Authorize the issuance of an up to $12,700,000 Multifamily Housing Revenue taxable note to facilitate the construction financing by Bella Vista Affordable Communities, L.P., a California limited partnership, for Bella Vista Apartments, a 170-unit affordable rental housing development, located at 4742 Solola Avenue, San Diego, in the Encanto neighborhood, which will remain affordable for 55 years.

STAFF RECOMMENDATIONS: Approve requested actions.	
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)	
COUNCIL DISTRICT(S):	4
COMMUNITY AREA(S):	
ENVIRONMENTAL IMPACT:	The project is exempt under the provisions the California Environmental Quality Act of 1970 [CEQA] as a Class 1 existing facility exemption for the reasons hereinafter stated. There are no federal funds involved in this project and therefore no NEPA analysis is required. Please refer to staff report for further information.
CITY CLERK INSTRUCTIONS:	Please docket this for the Regular Housing Authority meeting of August 1, 2017.

HOUSING AUTHORITY ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 7/13/2017
ORIGINATING DEPARTMENT: Housing Commission
SUBJECT: Bella Vista Apartments – Construction Financing Taxable Note
COUNCIL DISTRICT(S): 4
CONTACT/PHONE NUMBER: Ted Miyahara/619-578-7548

DESCRIPTIVE SUMMARY OF ITEM:
Authorize the issuance of an up to $12,700,000 Housing Authority of the City of San Diego Multifamily Housing Revenue taxable note to facilitate the construction financing of the Bella Vista Apartments, a 170-unit affordable rental housing development located at 4742 Solola Avenue, San Diego, in the Encanto neighborhood, which will remain affordable for 55 years.
STAFF RECOMMENDATION:
Approve requested actions.
EXECUTIVE SUMMARY OF ITEM BACKGROUND:
On June 16, 2017, and June 27, 2017, the Housing Commission (HCR-017) and the Housing Authority (HAR17-016) respectively, approved issuance of up to $23,300,000 in tax-exempt Multifamily Housing Revenue Bonds for financing of Bella Vista Apartments. Subsequent to the public meetings, it was clarified that the construction phase will need to be substantially financed with separate, short-term taxable financing.
To preserve the tax credit investor's expected yield and ensure the development's financing feasibility, the developer has requested that the Housing Authority issue a $12,700,000 taxable note for the construction/rehabilitation phase. In effect, the construction phase taxable note will be bridging the necessary tax credit equity to be provided from the tax credit investor/limited partner. If the proposed taxable note is not issued, then the tax credit investor/limited partner would need to provide the development's tax credit funds earlier.
An earlier provision of tax credit funds would result in a reduction of the tax credit investor's yield and a resulting need for the tax credit investor to reduce/reprice the amount paid for the tax-exempt Multifamily Housing Revenue Bonds.

The Housing Authority will be a conduit issuer of the proposed taxable note. The development's financing documents will be designated as a $23,300,000 Tranche A as the tax-exempt financing, and a $12,700,000 Tranche B as the proposed taxable note. The proposed construction phase taxable note is not exempt from federal taxes. The taxable note will be for the construction phase, with a 24-month term. The taxable note's interest will be a variable rate (based on a one-month London Interbank Offered Rate [LIBOR] benchmark plus 2.5 percent). During construction, the payments will be interest only. The taxable financing will be unrated, without credit enhancement, and be purchased by Citibank on a private placement basis. Upon conversion to permanent financing, the Tranche B construction loan taxable note will be completely repaid and the Tranche A tax-exempt financing will continue as a permanent loan. Payment of principal and interest on the proposed taxable note will come solely from project revenues.

As with tax-exempt bonds, the proposed issuance of the construction phase taxable note will not financially obligate the City, the Housing Authority, or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The taxable note must meet the requirements of the Housing Commission's Multifamily Mortgage Revenue Bond Program Policy.

CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S): N/A

FISCAL CONSIDERATIONS:
The proposed funding sources and uses approved by this action are included in the Housing Authority approved Fiscal Year (FY) 2018 Housing Commission Budget. Approving this action will not change the FY 2018 total budget.
Please refer to staff report for further information.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):
On October 12, 2001, the Housing Commission approved (HCR01-110) a $1,000,000 residual receipts loan and authorized issuance of $10,500,000 of tax-exempt Multifamily Housing Revenue Bonds for this complex, which was previously called Logan Square Apartments. The developer has paid off that Logan Square residual receipts loan. On May 20, 2016, the Housing Commission (HCR16-042) and on May 23, 2016, the Housing Authority (HAR16-017) approved preliminary steps to issue up to $23,300,000 of tax-exempt multifamily housing financing. On June 16, 2017, and June 27, 2017, the Housing Commission and Housing Authority, respectively, approved issuance of up to $23,300,000 of tax-exempt multifamily housing revenue bonds. The Housing Authority report "Final Bond Authorization for Bella Vista Apartments" (HAR17-016) is at Attachment 8 and includes project and developer details.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:
On March 21, 2016, the Encanto Neighborhoods Community Planning Group voted in support of the project: 10 in favor with one abstention.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:
Stakeholders for this project include: the residents of Bella Vista, Logan Square Housing Partners, L.P. as the project's current owner/seller, the proposed buyer Bella Vista Affordable Communities, L.P., and the Housing Authority as the proposed bonds issuer. The property rehabilitation is expected to have a positive impact on the community because it will preserve and improve existing affordable housing.

Davis, Jeff
Originating Department

Graham, David

SAN DIEGO HOUSING COMMISSION

REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: July 20, 2017 **REPORT NO**: HAR17-026

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of August 1, 2017

SUBJECT: Bella Vista Apartments – Construction Financing Taxable Note

COUNCIL DISTRICT: 4

REQUESTED ACTION

Authorize the issuance of an up to $12,700,000 Housing Authority of the City of San Diego Multifamily Housing Revenue taxable note to facilitate the construction financing of the Bella Vista Apartments, a 170-unit affordable rental housing development located at 4742 Solola Avenue, San Diego, in the Encanto neighborhood, which will remain affordable for 55 years.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following action:

1. Authorize the issuance of an up to $12,700,000 Multifamily Housing Revenue taxable note to facilitate the construction financing by Bella Vista Affordable Communities, L.P., a California limited partnership, for Bella Vista Apartments, a 170-unit affordable rental housing development, located at 4742 Solola Avenue, San Diego, in the Encanto neighborhood, which will remain affordable for 55 years.

SUMMARY

On June 16, 2017, and June 27, 2017, the Housing Commission (HCR-017) and the Housing Authority (HAR17-016) respectively, approved issuance of up to $23,300,000 in tax-exempt Multifamily Housing Revenue Bonds for financing of Bella Vista Apartments. Subsequent to the public meetings, it was clarified that the construction phase will need to be substantially financed with separate, short-term taxable financing.

To preserve the tax credit investor's expected yield and ensure the development's financing feasibility, the developer has requested that the Housing Authority issue a $12,700,000 taxable note for the construction/rehabilitation phase. In effect, the construction phase taxable note will be bridging the necessary tax credit equity to be provided from the tax credit investor/limited partner. If the proposed taxable note is not issued, then the tax credit investor/limited partner would need to provide the development's tax credit funds earlier.

An earlier provision of tax credit funds would result in a reduction of the tax credit investor's yield and a resulting need for the tax credit investor to reduce/reprice the amount paid for the tax-exempt Multifamily Housing Revenue Bonds.

The Housing Authority will be a conduit issuer of the proposed taxable note. The development's financing documents will be designated as a $23,300,000 Tranche A as the tax-exempt financing, and a $12,700,000 Tranche B as the proposed taxable note. The proposed construction phase taxable note is not exempt from federal taxes. The taxable note will be for the construction phase, with a 24-month term. The taxable note's interest will be a variable rate (based on a one-month London Interbank Offered Rate [LIBOR] benchmark plus 2.5 percent). During construction, the payments will be interest only. The taxable financing will be unrated, without credit enhancement, and be purchased by Citibank on a private placement basis. Upon conversion to permanent financing, the Tranche B construction loan taxable note will be completely repaid and the Tranche A tax-exempt financing will continue as a permanent loan. Payment of principal and interest on the proposed taxable note will come solely from project revenues.

As with tax-exempt bonds, the proposed issuance of the construction phase taxable note will not financially obligate the City, the Housing Authority, or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The taxable note must meet the requirements of the Housing Commission's Multifamily Mortgage Revenue Bond Program Policy.

SUMMARY

A development summary is included as Attachment 1.

Table 1 - Development Details

Address	4742 Solola Avenue
Council District	4
Community Plan Area	Southeastern San Diego Community Planning Group
Development Type	Acquisition with rehabilitation
Construction Type	Type V (wood frame stucco exterior)
Stories	Two stories
Parking Type	Surface parking (230 parking spaces)
Housing Type	Multifamily
Lot Size	8.58 acres, 373,745 square feet
Units	170
Density	19.81 dwelling units per acre (170 units÷8.58 acres=19.81 du)
Unit Mix	52 one-bedroom units, 94 two-bedroom units, and 23 three-bedroom units, and 1 three-bedroom manager's unit
Gross Building Area	137,756 square feet
Net Rentable Area	135,506 square feet

The Development

Bella Vista is an existing 170-unit multifamily rental development located at 4742 Solola Avenue, San Diego (Attachment 2 - Site Map). Bella Vista consists of 34 two-story buildings, four utility structures, three laundry rooms, and one rental office/community room on approximately 8.58 acres. The project has 52 one-bedroom/one-bathroom units, 94 two-bedroom/one-bathroom units, and 24 three-bedroom/two-bathroom units, (averaging 1,115 square feet), including the three-bedroom/two-bathroom manager's unit.

Building Condition/Proposed Rehabilitation Work

The developer is proposing to substantially rehabilitate the property to extend its useful life. The proposed rehabilitation scope includes substantial improvements to: roofs, windows, cabinets, flooring, painting, electrical, plumbing, mechanical systems, and site improvements. A scope of work summary is included as Attachment 3.

Development Team

Bella Vista will be owned by Bella Vista Affordable Communities, L.P., a California limited partnership (BVAC), which is the proposed buyer/owner. The for-profit developer is Islas Development, LLC. The developer has substantial affordable housing experience. The nonprofit Casa Familiar, Inc., will be the Managing General Partner of BVAC. The statements for public disclosure are at Attachment 4.

Table 2 - Development Team & Ownership Structure Summary

ROLE	FIRM/CONTRACT
Proposed New Owner Administrative General Partner Managing General Partner Tax Credit Investor	Bella Vista Affordable Communities, L.P. Bella Vista Communities, LLC Casa Familiar, Inc. Aegon USA Realty Advisors, LLC
Developer	Islas Development LLC
General Contractor	Phase 3 Construction Inc. (an affiliated entity)
Property Manager	Logan Property Management Inc.
Land Owner/Seller	Logan Square Housing Partners, L.P.
Tenant Services Provider	Casa Familiar, Inc.
Construction and Permanent Lender	Citi Community Capital

Financing Structure

No Housing Commission loan will be provided to this development. The developer's project pro forma is provided as Attachment 5. Estimated construction sources and uses are in Table 3A. The permanent financing sources and uses are in Table 3B.

Table 3A – Estimated Construction Phase Sources and Uses of Financing

Construction Financing Sources	Amounts	Construction Financing Uses	Amounts	Per Unit
Tax Exempt Financing	$23,300,000	Land Acquisition Cost	$28,600,000	$168,235
Proposed Taxable Note Construction Financing	12,700,000	Hard Costs (Rehabilitation)	8,770,116	51,589
Tax Credit Equity (first installment)	1,434,969	Financing Costs	1,096,405	6,449
Deferred Developer Fee	4,795,569	Developer Fee	5,522,589	32,486
Seller Loan	$2,860,000	Soft Costs	1,101,428	6,479
Total Development Cost	**$45,090,538**	**Total Development Cost**	**$45,090,538**	**265,238**

Table 3B – Estimated Permanent Phase Sources and Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Tax Exempt Issuance Permanent Loan	$23,300,000	Land Acquisition Cost	$28,600,000	$168,235
Four Percent Tax Credits	14,343,659	Hard Costs (Rehabilitation)	8,770,116	51,589
Deferred Developer Fee	5,187,350	Developer Fee	5,522,589	32,486
Seller Loan	2,860,000	Relocation Costs	200,000	1,176
		Financing Costs	1,096,405	6,449
		Operating Reserve	600,471	3,532
		Other Soft Costs	901,428	5,303
Total Development Cost	**$45,691,009**	**Total Development Cost**	**$45,691,009**	**$268,770**

Bella Vista has an estimated total development cost of $45,691,009 and an estimated total per unit cost of $268,770 per unit.

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 – Key Performance Indicators

Development Cost Per Unit	$45,691,009 ÷ 170 units =	$268,770
Land Cost Per Unit	$28,600,000 ÷ 170 units =	$168,235
Gross Building Square Foot Hard Cost	$8,770,116 ÷ 137,756 sq. ft. =	$64
Net Rentable Square Foot Hard Cost	$8,770,116 ÷ 135,506 sq. ft. =	$65

Prevailing Wages

Prevailing wages are not applicable to the proposed rehabilitation because no Federal or State funds will be used.

Project Comparison Chart

There are multiple factors and variables that influence the cost of developing multifamily affordable rental housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City of San Diego impact fees, developer experience and capacity, and amenities necessary to gain tax credit approval. Table 5 shows a comparison of the subject property and other developments of similar construction type and size.

Table 5 - Comparable Rehabilitation Projects with Tax-Exempt Bonds

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	* SDHC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Subject: Bella Vista	**2017**	**V**	**170**	**$45,691,009**	**$268,770**	**$0**	**$ 64**
Vista Terrace Hills	2016	V	262	$126,999,938	$484,733	$0	$112
Coronado Terrace	2017	V	312	$114,864,586	$368,156	$0	$64
Vista La Rosa	2016	V	240	$78,954,250	$328,976	$0	$53

* The Housing Commission "subsidy per unit" amount is based on the loan; it does not include the project's bonds amount.

Previously Approved Tax-Exempt Housing Bonds.
A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 6.

Public Disclosure and Authorization
The proposed taxable financing, in the form of a note flowing through a structure that is functionally equivalent to a bond issuance, will be sold through a private placement, purchased directly by Citibank, N.A. (Citi). Citi is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, Citi will sign an "Investor's Letter" certifying, among other things, that it is buying the notes for its own account and not for public distribution. Because the note is being sold through a private placement, an Official Statement will not be used. In addition, the note will be neither subject to continuing disclosure requirements nor credit enhanced nor rated.

Under the private placement structure for this transaction, Citi will make a loan to the Housing Authority pursuant to the terms of a Funding Loan Agreement among Citi, the Housing Authority, and US Bank as the Fiscal Agent. The loan made by Citi to the Housing Authority (Funding Loan) will be evidenced by the note, which will obligate the Housing Authority to pay Citi the amounts it receives from the Borrower, as described below. The Housing Authority and the Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the note. The Housing Authority's obligation to make payments on the note is limited to amounts the Fiscal Agent receives from the Borrower under the Borrower Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the notes.

The transfer of the note to any subsequent purchaser will comply with Housing Commission policy number PO300.301. Moreover, any subsequent note holder would be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying the notes for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the notes. The following documents will be executed on behalf of the Housing Authority with respect to the note: Funding Loan Agreement, Borrower Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other ancillary loan documents. At the time of docketing, documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing

Authority approval require the consent of the City Attorney's Office and Bond Counsel. The Note will be issued pursuant to the Funding Loan Agreement. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, Citi will disburse note proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Borrower Loan Agreement will set out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority will assign its rights to receive repayments under the loan to Citi. The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws. An Assignment of Deed of Trust and other Loan Documents, which assign the Housing Authority's rights and responsibilities as the issuer to Citi, will be signed by the Housing Authority for the benefit of Citi. Rights and responsibilities that are assigned to Citi will include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by Citi to protect its financial interests as the note holder.

Financial Advisor's Recommendation

Stradling Yocca Carlson & Rauth will serve as bond counsel to the Housing Commission and CSG Advisors as the financial advisor. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the financial advisor's recommendation that the Housing Authority should proceed with the issuance of the proposed financing. The financial advisor's analysis and recommendation is included as Attachment 7.

Estimated Development Schedule

The estimated development timeline is as follows.

Milestones	Estimated Dates
• Housing Authority proposed taxable note authorization	• August 1, 2017
• Estimated bond issuance and escrow closing	• August 4, 2017
• Estimated start of rehabilitation	• August 2017
• Estimated completion of rehabilitation	• August 2018

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, Bella Vista would restrict:

- 144 of its affordable units to households with incomes at or below 50 percent of AMI, currently $45,450 per year for a family of four; and
- 25 of its affordable units to households at or below 60 percent of AMI, currently $54,540 per year for a family of four.
- There will be one unrestricted manager's unit.

Bella Vista will be affordable for a 55-year term. Table 6 summarizes the affordability:

Table 6 –Affordability & Monthly Estimated Rent Table

Unit Type	Restrictions	AMI	Units	Rent	Est Market Rents *	Rent Savings Per Unit
1-BD/1BA	Tax Credit & HUD Section 8	50% AMI	47	$853	$1,102	$249
2-BD/1BA	Tax Credit & HUD Section 8	50% AMI	76	$1,023	$1,522	$499
3-BD/2BA	Tax Credit & HUD Section 8	50% AMI	21	$1,136	$1,639	$503
Subtotal			**144**			
1-BD/1BA	Tax Credit	60% AMI	5	$ 857	$1,102	$79
2-BD/1BA	Tax Credit	60% AMI	18	$1,029	$1,522	$294
3-BD/2BA	Tax Credit	60% AMI	2	$1,142	$1639	$275
Subtotal			**25**			
3 BD/2BA	Manager's Unit	N/A	**1**	N/A	-	N/A
Total			**170**			

*Rent comparability study by Lea & Company.

** The Department of Housing and Urban Development (HUD) previously approved a Project Based Section 8 Housing Assistance Payments Contract (HUD/HAP Contract) for 144 of the 170 units. The HUD/HAP Contract was renewed in 2009 and will run until 2027. The developer has obtained HUD approval of the property transfer and of the proposed Section 8 rents. Under this Project Based Section 8 program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder federally subsidized up to a contract rent level approved by HUD.

In addition to the bond and tax credit regulatory restrictions, the Bella Vista development is subject to an existing Declaration of Covenants, Conditions, and Restrictions from a previous Housing Commission loan that has been fully repaid. The more stringent of the various rent restrictions will take precedence during their terms of applicability.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are included in the Housing Authority approved Fiscal Year (FY) 2018 Housing Commission Budget. Approving this action will not change the FY 2018 total budget.

Funding sources approved by this action will be as follows:
Combined Tax-Exempt Bonds and Note Issuance Fees - $90,000

Funding uses approved by this action will be as follows:
Rental Housing Finance Program Administration Costs - $90,000

The proposed taxable note will not constitute a debt of the City, the Housing Authority or the Housing Commission. The proposed taxable note will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the note will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City nor the faith and credit of the Housing Authority or the Housing Commission will be pledged to the payment of the taxable note nor to payment of the tax-exempt financing.

The developer is responsible for the payment of all costs under the financing, including the Housing Commission's .0025 financing issuer fee (estimated at $90,000), as well as Housing Commission bond counsel and financial advisor fees. Payments to the Housing Commission will include an estimated $27,000 payment for attorney costs, and an estimated $25,500 annual payment for affordability monitoring. Pursuant to the Housing Commission's Bond Policy, the increased amount of total Housing Authority proposed financing will result in an increased Housing Authority issuance fee:

$58,250 - (Tranche A - $23,300,000 tax-exempt bonds X .0025 = $58,250)
+31,750 - (Tranche B - $12,700,000 proposed taxable note X .0025 = $31,750)
$90,000 - Total financing issuance fee ($36,000,000 financing total X .0025 = $90,000)

PREVIOUS COUNCIL AND COMMITTEE ACTIONS:

On October 12, 2001, the Housing Commission approved (HCR01-110) a $1,000,000 residual receipts loan and authorized issuance of $10,500,000 of tax-exempt Multifamily Housing Revenue Bonds for this complex, which was previously called Logan Square Apartments. The developer has paid off that Logan Square residual receipts loan. On May 20, 2016, the Housing Commission (HCR16-042) and on May 23, 2016, the Housing Authority (HAR16-017) approved preliminary steps to issue up to $23,300,000 of tax-exempt multifamily housing financing. On June 16, 2017, and June 27, 2017, the Housing Commission and Housing Authority, respectively, approved issuance of up to $23,300,000 of tax-exempt multifamily housing revenue bonds. The Housing Authority report "Final Bond Authorization for Bella Vista Apartments" (HAR17-016) is at Attachment 8 and includes project and developer details.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On March 21, 2016, the Encanto Neighborhoods Community Planning Group voted in support of the project: 10 in favor with one abstention.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders for this project include: the residents of Bella Vista, Logan Square Housing Partners, L.P. as the project's current owner/seller, the proposed buyer Bella Vista Affordable Communities, L.P., and the Housing Authority as the proposed bonds issuer. The property rehabilitation is expected to have a positive impact on the community because it will preserve and improve existing affordable housing.

ENVIRONMENTAL REVIEW

The project is exempt under the provisions the California Environmental Quality Act of 1970 [CEQA] as a Class 1 existing facility exemption for the reasons hereinafter stated. There are no federal funds involved in this project and therefore no NEPA analysis is required.

Class 1 existing facility exemption consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The types of "existing facilities" include but

are not limited to interior or exterior alterations involving such things as interior partitions, plumbing, and electrical improvements. In this case, the project exists and has existed for many years. The proposed rehabilitation is limited to the existing structures and involves interior and exterior renovation, which qualifies it for an exemption under the provisions of Categorical Exemption 15301. Therefore, the project is categorically exempt from the provisions of CEQA.

Respectfully submitted,

J.P. Correia

J.P. Correia
Senior Real Estate Project Manager
Real Estate Division

Approved by,

Deborah N. Ruane

Deborah N. Ruane
Executive Vice President & Chief Strategy Officer
San Diego Housing Commission

Attachments:

1) Development Summary
2) Site Map
3) Scope of Work Summary
4) Developer's Disclosure Statements
5) Project Pro Forma
6) Multifamily Housing Revenue Bond Program
7) Financial Advisor's Analysis
8) Housing Authority report (HAR17-016)

Hard copies are available for review during business hours at the security information desk in the main lobby and at the fifth floor reception desk at the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the "Public Meetings" section of the San Diego Housing Commission website at www.sdhc.org

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 - Development Details

Address	4742 Solola Avenue
Council District	4
Community Plan Area	Southeastern San Diego Community Planning Group
Development Type	Acquisition with rehabilitation
Construction Type	Type V (wood frame stucco exterior)
Stories	Two stories
Parking Type	Surface parking (214 parking spaces)
Housing Type	Multifamily
Lot Size	8.58 acres, 373,745 square feet
Units	170
Density	19.81 dwelling units per acre (170 units÷8.58 acres=19.81 du)
Unit Mix	52 one-bedroom units, 94 two-bedroom units, and 23 three-bedroom units, and 1 three-bedroom manager's unit
Gross Building Area	137,756 square feet
Net Rentable Area	135,506 square feet

Table 2 - Development Team & Ownership Structure Summary

ROLE	FIRM/CONTRACT
Proposed New Owner Administrative General Partner Managing General Partner Tax Credit Investor	Bella Vista Affordable Communities, L.P. Bella Vista Communities, LLC Casa Familiar Inc. Aegon USA Realty Advisors, LLC
Developer	Islas Development, LLC
General Contractor	Phase 3 Construction Inc. (an affiliated entity)
Property Manager	Logan Property Management Inc.
Land Owner/Seller	Logan Square Housing Partners L.P.
Tenant Services Provider	Casa Familiar Inc.
Construction and Permanent Lender	Citi Community Capital

Table 3A – Estimated Construction Phase Sources and Uses of Financing

Construction Financing Sources	Amounts	Construction Financing Uses	Amounts	Per Unit
Tax Exempt Financing	$23,300,000	Land Acquisition Cost	$28,600,000	$168,235
Proposed Taxable Note Construction Financing	12,700,000	Hard Costs (Rehabilitation)	8,770,116	51,589
Tax Credit Equity (first installment)	1,434,969	Financing Costs	1,096,405	6,449
Deferred Developer Fee	4,795,569	Developer Fee	5,522,589	32,486
Seller Loan	$2,860,000	Soft Costs	1,101,428	6,479
Total Development Cost	**$45,090,538**	**Total Development Cost**	**$45,090,538**	**265,238**

Table 3B – Estimated Permanent Phase Sources and Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Tax Exempt Issuance Permanent Loan	$23,300,000	Land Acquisition Cost	$28,600,000	$168,235
Four Percent Tax Credits	14,343,659	Hard Costs (Rehabilitation)	8,770,116	51,589
Deferred Developer Fee	5,187,350	Developer Fee	5,522,589	32,486
Seller Loan	2,860,000	Relocation Costs	200,000	1,176
		Financing Costs	1,096,405	6,449
		Operating Reserve	600,471	3,532
		Other Soft Costs	901,428	5,303
Total Development Cost	**$45,691,009**	**Total Development Cost**	**$45,691,009**	**$268,770**

Table 4 – Key Performance Indicators

Development Cost Per Unit	$45,691,009 ÷ 170 units =	$268,770
Land Cost Per Unit	$28,600,000 ÷ 170 units =	$168,235
Gross Building Square Foot Hard Cost	$8,770,116 ÷ 137,756 sq. ft. =	$64
Net Rentable Square Foot Hard Cost	$8,770,116 ÷ 135,506 sq. ft. =	$65

Table 5 - Comparable Rehabilitation Projects with Tax-Exempt Bonds

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	* SDHC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Vista Terrace Hills	2016	V	262	$126,999,938	$484,733	$0	$112
Coronado Terrace	2017	V	312	$114,864,586	$368,156	$0	$64
Subject: Bella Vista	**2017**	**V**	**170**	**$45,691,009**	**$268,770**	**$0**	**$ 64**
Vista La Rosa	2016	V	240	$78,954,250	$328,976	$0	$53

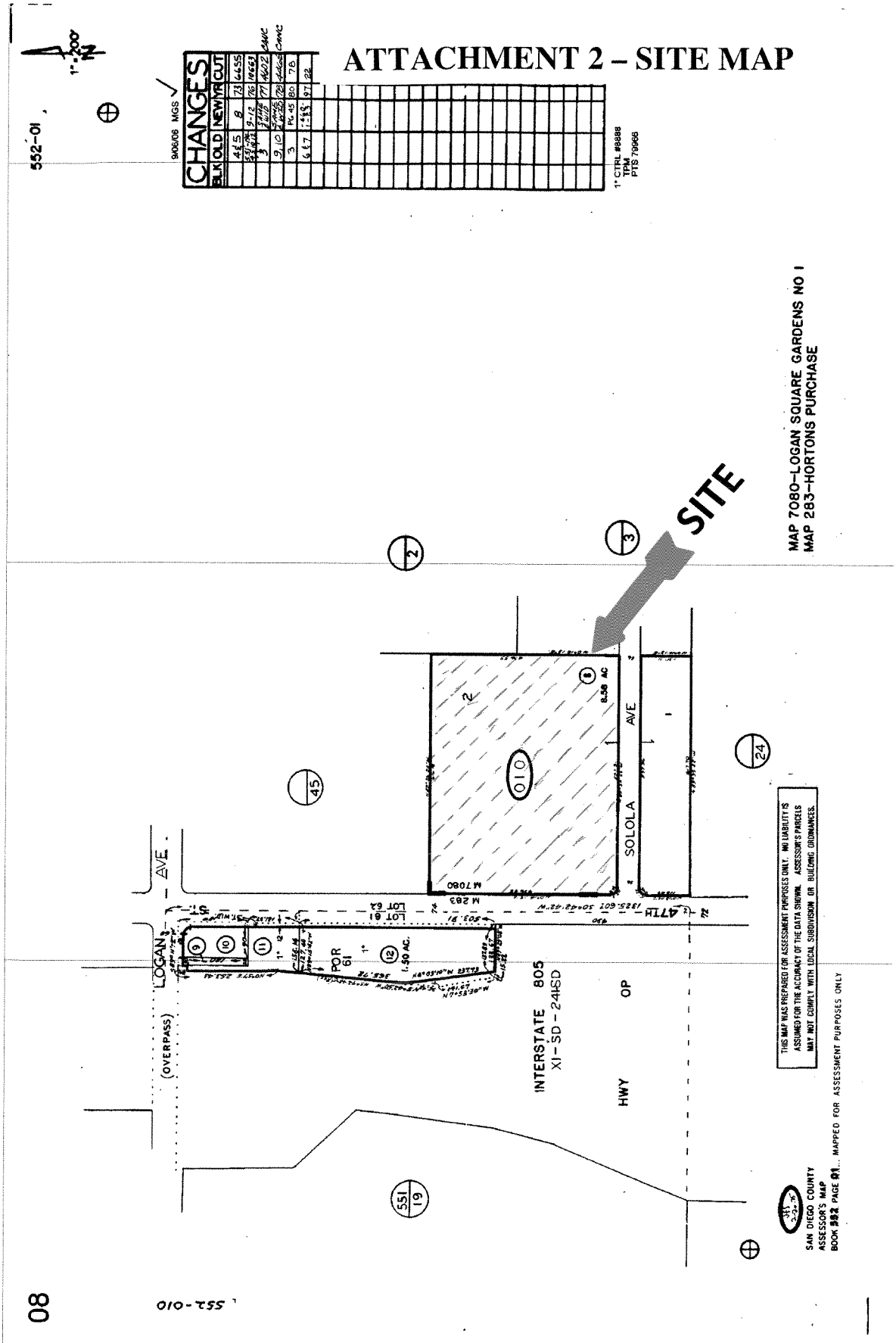
Table 6 –Affordability & Monthly Estimated Rent Table

Unit Type	Restrictions	AMI	Units	Gross Rent	Estd Market Rents *	Rent Savings Per Unit
1-BD/1BA	Tax Credit & HUD Section 8	50% AMI	47	$1,170	$1,170	**
2-BD/1BA	Tax Credit & HUD Section 8	50% AMI	76	$1,485	$1,485	**
3-BD/2BA	Tax Credit & HUD Section 8	50% AMI	21	$1,575	$1,575	**
Subtotal			**144**			
1-BD/1BA	Tax Credit	60% AMI	5	$ 857	$1,170	$313
2-BD/1BA	Tax Credit	60% AMI	18	$1,029	$1,485	$456
3-BD/2BA	Tax Credit	60% AMI	2	$1,142	$1,575	$433
Subtotal			**25**			
3 BD/2BA	Manager's Unit	N/A	**1**	N/A	$1,575	N/A
Total			**170**			

* Rent comparability study by Lea & Company.

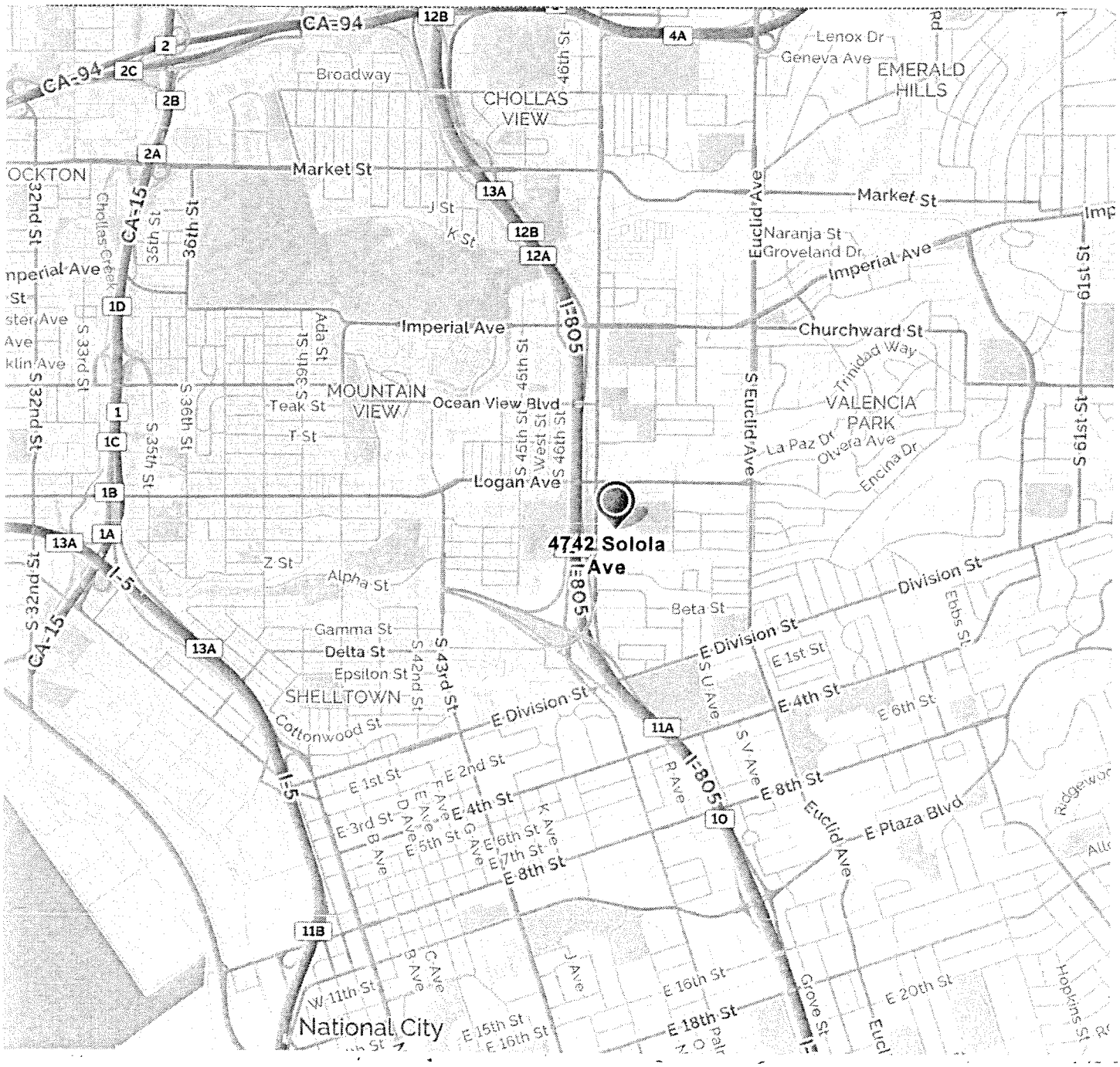
** The Department of Housing and Urban Development (HUD) previously approved a Project Based Section 8 Housing Assistance Payments Contract (HUD/HAP Contract) for 144 of the 170 units. The HUD/HAP Contract was renewed in 2009 and will run until 2027. The developer has obtained HUD approval of the property transfer and of the proposed Section 8 rents. Under this Project Based Section 8 program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder federally subsidized up to a contract rent level approved by HUD.

ATTACHMENT 2 – SITE MAP



This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

ATTACHMENT 2B – SITE MAP



ATTACHMENT 3 – REHABILITATION SCOPE OF WORK

Part 1 Project Information and Site Data

Project Information		Site Data			
Project Name:	BELLA VISTA APARTMENTS	Unit Type	Area (sf)	Number	Total (sf)
Project Location:	San Diego, CA	1/1	629	52	32708
Developer:	LCA	2/1	825	94	77550
Contact Person:	Ruben Islas	3/1	1007	14	14098
Contact Tel #:	619 260-5562	3/2	1115	10	11150
Type of Project:	REHAB				135506 Total SF
Year Built:	1971			Total Bedrooms	312
		Site Acres	3.75	Total Bathrooms	180

Part 2 Construction Cost Breakdown

HUD #	Description	Quantity	unit price	extension	group total	notes
3	METALS					
	repair/replace perimeter fence	1	$ 35,000.00	$ 35,000.00	$ 188,000.00	
	replace balcony railings	85	$ 1,800.00	$ 153,000.00		
6	WATERPROOFING					
	repair landings	40	$ 1,200.00	$ 48,000.00	$ 48,000.00	
8	ROOFING					
	Replace Building Roofs	34	$ 30,000.00	$ 1,020,000.00	$ 1,020,000.00	
10	DOORS					
	replace electrical service closet doors	34	$ 1,200.00	$ 40,800.00	$ 40,800.00	
11	WINDOWS					
	replace unit windows	482	$ 1,140.00	$ 549,480.00	$ 813,480.00	
	replace sliding glass doors	170	$ 1,400.00	$ 238,000.00		
	replace common area windows	1	$ 26,000.00	$ 26,000.00		
14	DRYWALL					
	general drywall repairs	170	$ 500.00	$ 85,000.00	$ 85,000.00	
18	RESILIENT FLOORING					
	install vinyl flooring in units	170	$ 1,850.00	$ 314,500.00	$ 314,500.00	
19	PAINTING AND DECORATING					
	exterior paint and caulk	1	$ 275,000.00	$ 275,000.00	$ 394,000.00	
	paint unit interiors	85	$ 1,400.00	$ 119,000.00		
20	SPECIALTIES					
	new medicine cabinet	180	$ 95.00	$ 17,100.00		
	replace towel bars	180	$ 35.00	$ 6,300.00	$ 55,800.00	
	replace tp holders	180	$ 35.00	$ 6,300.00		
	new mirrors - full width	180	$ 145.00	$ 26,100.00		
22	CABINETS					
	kitchen and bath cabinet demo	170	$ 815.00	$ 138,550.00		
	install new kitchen cabinets	170	$ 3,600.00	$ 612,000.00	$ 1,232,550.00	
	solid surface countertops - kitchens	170	$ 1,300.00	$ 221,000.00		
	solid surface countertops - bathrooms	180	$ 1,000.00	$ 180,000.00		
	install new bath cabinets	180	$ 450.00	$ 81,000.00		
23	APPLIANCES					
	replace range	170	$ 585.00	$ 99,450.00	$ 234,600.00	
	replace range hood	170	$ 145.00	$ 24,650.00		
	replace refrigerator	170	$ 650.00	$ 110,500.00		
24	BLINDS AND SHADES, ARTWORK				$ 130,500.00	

Part 2 Construction Cost Breakdown

HUD #	Description	Quantity	unit price	extension	group total	notes
	replace all window blinds	482	$ 250.00	$ 120,500.00	[illegible]	
28	PLUMBING AND HOT WATER					
	1/4 turn angle stops all sinks/toilets	880	$ 34.60	$ 30,448.00		
	bath lav faucet	180	$ 195.00	$ 35,100.00		
	kitchen sink/faucet	170	$ 360.00	$ 61,200.00	$ 861,798.00	
	provide and install disposal	170	$ 115.00	$ 19,550.00		
	new toilets	180	$ 225.00	$ 40,500.00		
	replace ground floor distribution piping	90	$ 3,500.00	$ 315,000.00		
	replace water heaters with UHE equipment (36)	36	$ 10,000.00	$ 360,000.00		
29	HEAT AND VENTILATION					
	replace FAU furnaces	170	$ 2,650.00	$ 450,500.00	$ 450,500.00	
31	ELECTRICAL					
	replace bath fan motor & trim	180	$ 165.30	$ 29,754.00		
	kitchen light fixture	85	$ 180.00	$ 15,300.00		
	bath light fixture	90	$ 135.00	$ 12,150.00	$ 172,889.00	
	unit ceiling lights	85	$ 165.00	$ 14,025.00		
	site lighting	1	$ 75,000.00	$ 75,000.00		
	porch lights	172	$ 155.00	$ 26,660.00		
37	ROADS AND WALKS					
	repair asphalt, reseal and stripe	1	$ 299,983.00	$ 299,983.00	$ 384,983.00	
	repair flatwork	1	$ 85,000.00	$ 85,000.00		
38	SITE IMPROVEMENTS					
	laundry room upgrades	2	$ 4,500.00	$ 9,000.00	$ 282,600.00	
	labor, clean up, move out, etc.	170	$ 1,080.00	$ 183,600.00		
	install playground equipment and surface	1	$ 90,000.00	$ 90,000.00		
39	LAWNS AND PLANTING				$ 100,000.00	
	landscape upgrades	1	$ 100,000.00	$ 100,000.00		

Part 3 Total Construction Costs

Cost Before General Requirements and Fees		**$ 6,800,000.00**
Hard cost/unit		**$ 40,000.00**
General Requirements	6.00%	$ 408,000.00
Contractors Overhead	2.00%	$ 136,000.00
Contractors Profit	6.00%	$ 408,000.00
Insurance		$ 116,280.00
Bond		$ 116,280.00
Contingency		$ 755,556.00
Permits		$ 30,000.00
Grand Total		**$ 8,770,116.00**
Grand Total cost/unit		**$ 51,588.92**
Grand Total cost/unit sf		**$ 64.72**

ATTACHMENT 4A – DEVELOPER DISCLOSURE STATEMENT

DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE

1. Name of CONTRACTOR: **Bella Vista Affordable Communities, L.P.**

2. Address and Zip Code: **1927 Adams Ave, Suite 200 San Diego, CA 92116**

3. Telephone Number: **619-260-5562**

4. Name of Principal Contact for CONTRACTOR: **Ruben Islas**

5. Federal Identification Number or Social Security Number of CONTRACTOR: **81-2291228**

6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

   X A corporation (Attach Articles of Incorporation)

   ___ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

   ___ A partnership known as: _____
   (Name)

   Check one
   ( ) General Partnership (Attach statement of General Partnership)
   ( ) Limited Partnership (Attach Certificate of Limited Partnership)

   ___ A business association or a joint venture known as:
   _____
   (Attach joint venture or business association agreement)

   ___ A Federal, State or local government or instrumentality thereof.

   ___ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization: **March 9, 2016**

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

   a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.

   b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

   c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.

   d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.

   e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and Zip Code	Position Title (if any) and percent of interest or description of character and extent of interest

(Attach extra sheet if necessary)

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail. **No.**

10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail. **No.**

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which

gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Name, Address and Zip Code	Position Title (if any) and extent of interest

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature. If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Islas Development and its sole member, Ruben Islas, is a member in the following Multi-Family Limited Partnerships listed below, all of whose home office is located at 1927 Adams Ave, San Diego, CA 92116.

Suffolk Development, LLC and its sole member, Jules Arthur is a member in all the entities listed below with the exception of Lilly Housing Partners, LP, Logan Square Housing Partners, LP, Willowbrook Housing Partners, LP and Avalon-Logan, LLC.

Since 2002:	**Lilly Housing Partners, L.P.**	**Gilroy, CA**
Since 2002:	**Logan Square Housing Partners, L.P.**	**San Diego, CA**
Since 2002:	**Willowbrook Housing Partners, L.P.**	**Baypoint, CA**
Since 2003:	**Campus Gardens Housing Partners, L.P.**	**Sacramento, CA**
Since 2003:	**Carlton Villas Housing Partners, L.P.**	**Santee, CA**
Since 2004:	**Hannon Seaview Housing Partners, L.P.**	**Seaside, CA**
Since 2004:	**Hawaiian Gardens Housing Partners, L.P.**	**Hawaiian Gardens, CA**
Since 2004:	**Lafayette Square Housing Partners, L.P.**	**Albuquerque, NM**
Since 2004:	**Plaza Seniors Housing Partners, L.P.**	**El Centro, CA**
Since 2005:	**Briarwood Housing Partners, L.P.**	**Montclair, CA**
Since 2006:	**Oakbrook I Manor Housing Partners, L.L.L.P.**	**Ft. Collins, CO**
Since 2007:	**Downtown Denver Housing Partners, L.L.L.P.**	**Denver, CO**

Since 2007:	The Rosslyn Lofts Housing Partners, L.P.	Los Angeles, CA
Since 2008:	Bay Vista Housing Partners, L.P.	San Diego, CA
Since 2009:	Olivewood Housing Partners, L.P.	San Diego, CA
Since 2009:	Golden Age Garden Housing Partners, L.P.	San Diego, CA

Logan Capital Advisors, LLC
Logan Capital, LLC
Downtown Denver Commercial, LLC
Rosslyn Commerical, LLC
Avalon-Logan, LLC
Amerland West, LLC
Amerland/Briarwood, LLC
Amerland Group, LLC
Amerland/Hawaiian Gardens, LLC
Amerland/Briarwood, LLC
Amerland/Downtown Denver, LLC
Grande Housing, LLC
Grande/Seaview, LLC
Amerland Communities, LLC
Amerland/Carlton, LLC
Amerland/Campus, LLC
Amerland/Plaza Seniors, LLC
Grande Housing II, LLC
Grande II/Lafayette, LLC
Golden Age Partners, LLC
Amerland/Golden Age, LLC
Amerland Development, LLC
MRJ, LLC
Amerland/Oakbrook, LLC
The Amerland Group, LLC
Amerland Downtown Denver, LLC
Rosslyn Partners, LLC
Amerland/Rosslyn Partners, LLC
Bay Vista Partners, LLC
Amerland/Bay Vista, LLC

Michael Coit, Sole Member of Finco Development, Inc is a member of the following entities from the above list:
Logan Square Housing Partners, L.P., Avalon-Logan, LLC, Briarwood Housing Partners, L.P., Amerland West, LLC, Amerland/Briarwood, LLC, Campus Gardens Housing Partners, L.P., Amerland Communities, LLC, Carlton Villas Housing Partners, L.P., Hannon Seaview Housing Partners, L.P. Grande Housing, LLC, Grande/Seaview, LLC, Hawaiian Gardens Housing Partners, L.P. , Amerland West, LLC, Amerland/Hawaiian Gardens, LLC, Lafayette Square Housing Partners, L.P., Grande Housing II, LLC, Grande II/Lafayette, LLC, Plaza Seniors Housing Partners, L.P., Amerland/Plaza Seniors, LLC

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position. **This is a newly formed entity with no financials.**

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project: **The project will be funded utilizing tax exempt bonds and 4% low income housing tax credits. Preliminarily the lender is going to be Hunt Mortgage utilizing a Fannie Mae private placement and the tax credit investor will be WNC. The loan will be approximately $28.6 million and there will be approximately $19 million of tax credit equity. The rehabilitation of the property will cost $8.7 million ($51,500/unit)**

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: **Please see sources and uses previously provided as part of application.**

    a. Name, Address & Zip Code of Bank/Savings & Loan:

       Amount: $_____

    b. By loans from affiliated or associated corporations or firms:

       Name, Address & Zip Code of Bank/Savings & Loan:

       Amount: $_____

    c. By sale of readily salable assets/including marketable securities:

Description	Market Value	Mortgages or Liens
	$	$

17. Names and addresses of bank references, and name of contact at each reference:
Paul Weissman
paul.weissman@huntcompanies.com (303) 504-6239
Hunt Mortgage

3033 East First Avenue, Suite 212
Denver, Colorado 80206

Jerry Wright
jwright@doughertymarkets.com (512) 708-1555
Dougherty & Company LLC
90 S 7th St Ste 4300
Minneapolis, MN 55402

Mike Hemmens
mike.hemmens@citi.com (805) 557-0933
Citi
325 E Hillcrest Dr. Suite 160
Thousand Oaks, CA 91360

Jason Shidler
jshidler@firstrepublic.com (619) 338-1551
First Republic Bank
12626 High Bluff Dr
San Diego, CA 92130-2074

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?
    ____ Yes _X_ No

    If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?
    ___ Yes _X_ No

    If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond: **N/A. This is a newly formed entity.**

Bond Type	Project Description	Date of Completion	Amount of Bond	Action on Bond

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

    a. Name and addresses of such contractor or builder:
    Phase 3 Construction, Inc./Ruben Islas
    1927 Adams Ave, Suite 200 San Diego, CA 92116

    Phase 3 Construction, Inc./Jules Arthur
    1927 Adams Ave, Suite 200 San Diego, CA 92116

    Phase 3 Construction, Inc./Jeremy Turner
    1927 Adams Ave, Suite 200 San Diego, CA 92116

    b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?
    ___ Yes _X_ No

    If yes, please explain, in detail, each such instance:

    c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: $ **750,000.00**

    General description of such work:

    List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

    Project Name: Olivewood Gardens (Project Commenced in January 2016 and will be complete in April 2016)

    Project Owner: Olivewood Gardens Housing Partners, LP PO Box 880367 San Diego, CA 92168

    Project Location: 2865 55th Street San Diego, CA 92105

Project Details: Moderate Rehab of 25 out of 61 total units including replacement of all interior fixtures & finishes. Site work including roof & asphalt repairs, water heater & window replacement. Gutter installation, termite treatment, & wood replacement.

d. Construction contracts or developments now being performed by such contractor or builder: **See above.**

Identification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder: **N/A**

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor: **The Limited Partnership will hire Phase 3 Construction, Inc. to perform the necessary work.**

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?
___ Yes _X_ No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached

hereto and hereby made a part hereof as follows: **This is a newly formed entity. See attached resume for Ruben Islas and Jules Arthur.**

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?
    ___ Yes __X__ No

    If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category: See Certificates Attached.

The Limited Partnership will comply with any necessary insurance requirements.

a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

   Check coverage(s) carried:
   - ☐ Comprehensive Form
   - ☐ Premises - Operations
   - ☐ Explosion and Collapse Hazard
   - ☐ Underground Hazard
   - ☐ Products/Completed Operations Hazard
   - ☐ Contractual Insurance
   - ☐ Broad Form Property Damage
   - ☐ Independent Contractors
   - ☐ Personal Injury

b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

   Check coverage(s) carried:
   - ☐ Comprehensive Form
   - ☐ Owned
   - ☐ Hired
   - ☐ Non-Owned

c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

_____

_____

d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

f. Other (Specify). [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.

Agreed.

_____

_____

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

_____

Agreed.

_____

_____

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

_____

Agreed.

_____

_____

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please so state: **None.**

Government Entity Making Complaint	Date	Resolution

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government

project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state: **No.**

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked: **N/A**

Governmental Agency	Description License	License Number	Date Issued (original)	Status (current)	Revocation (yes/no)

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION. **None anticipated.**

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION. **The principals in the Limited Partnership have developed over 3000 units through the use of bonds and LIHTC. In addition, the vast majority of developed properties have either HAP or Project based Section 8 contracts. In addition, the principals of the Limited Partnership have completed the following acquisition rehabs in San Diego County:**

2002: Multi-Family Acquisition Rehab - Bella Vista Apts. San Diego - 170 units. Bond amount: $10,215,000

2003: Multi-Family Acquisition Rehab - Carlton Country Club Villas - Santee - 130 units. Bond amount: $7,670,000

2008: Multi-Family Acquisition Rehab - Bay Vista Methodist Heights - San Diego - 268 units. Bond amount: $24,190,000

2010: Multi-Family Acquisition Rehab - Golden Age Garden - San Diego - 76 units. Bond amount: $5,620,000

Also, Olivewood Gardens is currently undergoing a rehab under the direction and supervision of the principals and of Phase 3 Construction, Inc. (Project Commenced in January 2016 and will be complete in April 2016).

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years: **This is a newly formed entity. N/A**

Date	Entity Involved (i.e., CITY COMMISSION, etc.)	Status (Current, delinquent repaid, etc.)	Dollar Amount

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? ___ Yes _X_ No

    If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?
    ___ Yes _X_ No

    If yes, explain:

38. List three local references who would be familiar with your previous construction project: **N/A. This is a newly formed entity.**

    Name: Logan Property Management, Inc. - Martha Enriquez_____

    Address: 1927 Adams Ave, Suite 200, San Diego, CA 92116_____

    Phone: 619-260-5562_____

Project Name and Description: Sea Breeze Apartments (Bay Vista), Golden Age Garden Apts, Bella Vista Apts, Carlton Country Club Villas, Olivewood Gardens Apartments, All San Diego properties.

Name: Citi - Mike Hemmens

Address: 325 E Hillcrest Dr. Suite 160 Thousand Oaks, CA 91360

Phone: (805) 557-0930 . 224

Project Name and Description: Golden Age Garden - San Diego

Name: Wentwood Capital Advisors, L.P. - Sarah Hamm

Address: 515 South Capital of Texas Hwy Suite 103 Austin, TX 78746

Phone: (512) 637-9292

Project Name and Description: Sea Breeze (Bay Vista) - San Diego

39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

Principals in the newly formed Limited Partnership have developed over 3000 units since 2001.

40. Give the name and experience of the proposed Construction Superintendent.

Jeremy Turner
Phase 3 Construction, Inc.
619-846-6406

See previously provided resume for Jeremy Turner.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 21 day of April, 2016, at San Diego, California.

CONTRACTOR

By: RUBEN ISKAS, JR.

Signature

MANAGING MEMBER

Title

CERTIFICATION

The CONTRACTOR, Ruben Islas, Jr., hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: Ruben Islas, Jr. By: —

Title: Managing Member Title: —

Dated: 4/21/16 Dated: —

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

ATTEST:

State of California

County of San Diego

Subscribed and sworn to before me this 21ST day of April, 2016.

CHERYL DAGOSTARO
Commission # 1986480
Notary Public - California
San Diego County
My Comm. Expires Aug 25, 2016

Cheryl Dagostaro, Notary Public
Signature of Notary

Cheryl Dagostaro
Name of Notary

See attached Jurat / C Dagostaro, Notary Public

SEAL

Ruben Islas – Resume
1927 Adams Avenue, Suite 200
San Diego 92116

Expertise

- Developed over 3,400 low-income multi-family housing units in Southern California, Northern California, New Mexico and Colorado.
- Partner in Logan Property Management, Inc., which manages & asset manages 2,800 low-income multi-family units that utilize HUD and Tax Credit programs.
- Sophisticated Real Estate Investor with intimate knowledge of HUD, Tax Credit and Bond programs.
- Specialist in the marketing, evaluation, and sale of apartment properties.

Work Experience

- 2010 to Present — **Logan Capital Advisors, LLC – Partner**
  Logan Capital Advisors is an affordable housing development firm that has expertise with HUD and utilizes Tax Exempt Bonds and Low Income Housing Tax Credits to acquire and rehabilitate existing affordable housing projects.

- 2004 to Present — **Logan Property Management, Inc. – Partner**
  Property and Asset Management company which specializes in Low Income Housing and properties financed with Tax Credit programs. Expertise in HUD programs including project based Section 8 properties.

- 2002 to 2010 — Amerland Group, LLC. - Partner - Developer
- 1997 to 1999 — Avalon Communities, LLC. - Vice President
- 1994 to 1997 — H. W. WILSON – Development Specialist

Education

1995-1996 ST. JOHN'S UNIVERSITY
Concentration in finance

1994-1995 QUEENS COLLEGE
Business and Finance

1987-1991 UNIVERSITY OF CALIFORNIA, SAN DIEGO
Performance/Writing
Minor in Economics

AFFORDABLE HOUSING PROJECTS OWNER/DEVELOPED:

Project	Location	# of Units
Bella Vista	San Diego, CA	170
Lilly Gardens	Gilroy, CA	84
Willowbrook	Bay Point, CA	72
Campus Gardens	Sacramento, CA	126
Carlton Country Club Villas	Santee, CA	130
Hawaiian Gardens	Hawaiian Gardens, C	264
Seaview Village	Seaside, CA	133
Dessert Villas	El Centro, CA	172
Villas Esperanza	Albuquerque, NM	188
Casa de Vallejo	Vallejo, CA	136
Briarwood Manor	Montclair, CA	100
Oakbrook I Manor	Ft. Collins, CO	107
The Rosslyn Lofts	Los Angeles, CA	297
Bay Vista Methodist Heights	San Diego, CA	268
Golden Age Garden	San Diego, CA	76
Olivewood Gardens	San Diego, CA	61
The Alexandria	Los Angeles, CA	463
The Argonaut/El Tovar	Denver, CO	108
Drehmoor	Denver, CO	74
Hudson Townhouse Manor	Antioch, CA	122

Jules Arthur – Resume
1927 Adams Avenue, Suite 200
San Diego 92116

Expertise

- Developed over 3,400 low-income multi-family housing units in Southern California, Northern California, New Mexico and Colorado.
- Partner in Logan Property Management, Inc., which manages & asset manages 2,800 low-income multi-family units that utilize HUD and Tax Credit programs.
- Sophisticated Real Estate Investor with intimate knowledge of HUD, Tax Credit and Bond programs.
- Specialist in the marketing, evaluation, and sale of apartment properties.

Work Experience

- 2010 to Present — **Logan Capital Advisors, LLC – Partner**
  Logan Capital Advisors is an affordable housing development firm that has expertise with HUD and utilizes Tax Exempt Bonds and Low Income Housing Tax Credits to acquire and rehabilitate existing affordable housing projects.

- 2004 to Present — **Logan Property Management, Inc. – Partner**
  Property and Asset Management company which specializes in Low Income Housing and properties financed with Tax Credit programs. Expertise in HUD programs including project based Section 8 properties.

- 2002 to 2010 — Amerland Group, LLC. - Partner - Developer
- 1998 to 2002 — Hendricks & Partners, San Diego Office – Investment Broker
- 1994 to 1998 — Grubb & Ellis Company, San Diego, California – Investment Broker
- 1990 to 1994 — R. C. Knight & Sons, Stowmarket, England
  General Practice Chartered Surveyor

Education

City of Nottingham, England
Bachelors of Science (Hons), Urban Estate Surveying (1989)

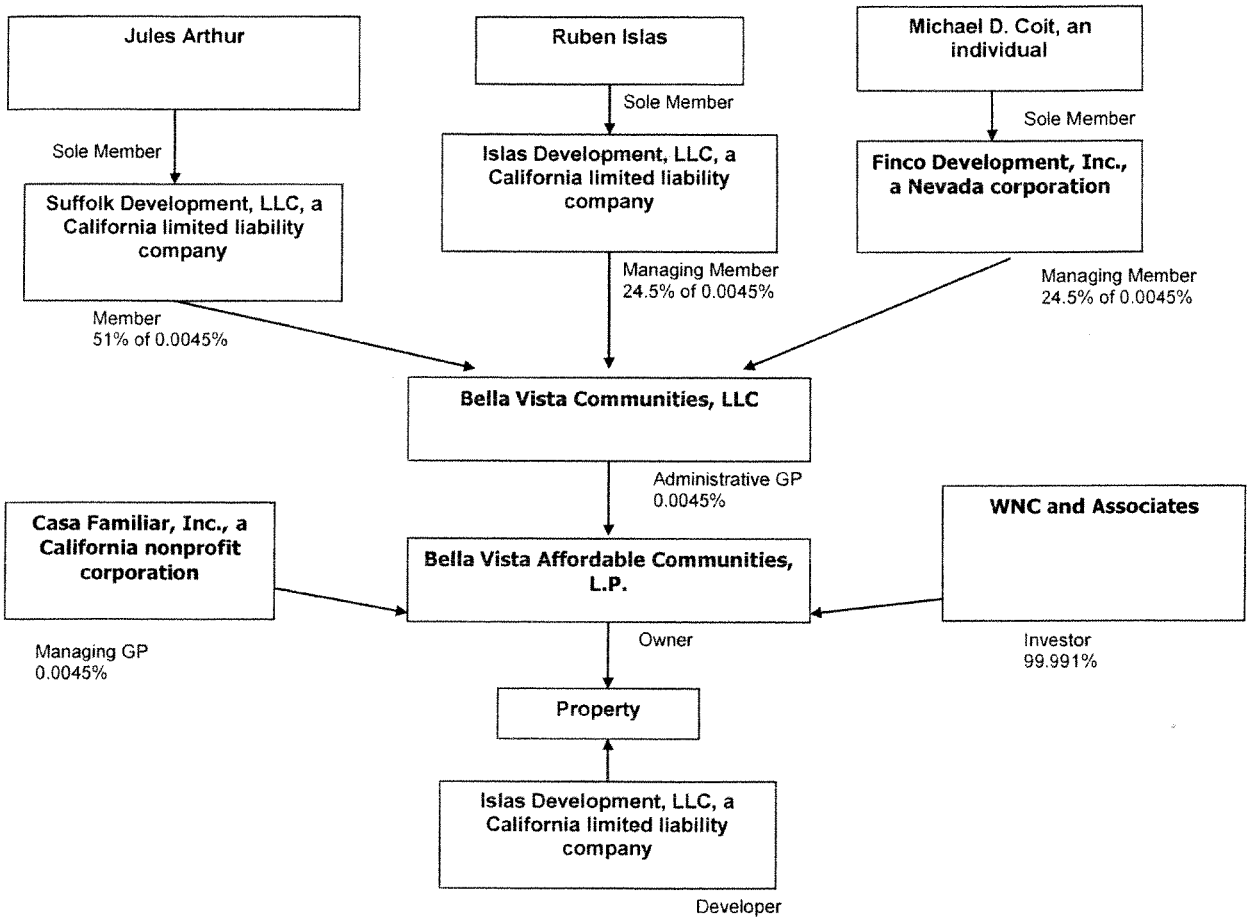
Accomplishments & Awards

- Grubb & Ellis Rookie of the Year for San Diego County
- Member of Royal Institute of Chartered Surveyors

AFFORDABLE HOUSING PROJECTS OWNER/DEVELOPED:

Project	Location	# of Units
Bella Vista	San Diego, CA	170
Lilly Gardens	Gilroy, CA	84
Willowbrook	Bay Point, CA	72
Campus Gardens	Sacramento, CA	126
Carlton Country Club Villas	Santee, CA	130
Hawaiian Gardens	Hawaiian Gardens, C	264
Seaview Village	Seaside, CA	133
Dessert Villas	El Centro, CA	172
Villas Esperanza	Albuquerque, NM	188
Casa de Vallejo	Vallejo, CA	136
Briarwood Manor	Montclair, CA	100
Oakbrook I Manor	Ft. Collins, CO	107
The Rosslyn Lofts	Los Angeles, CA	297
Bay Vista Methodist Heights	San Diego, CA	268
Golden Age Garden	San Diego, CA	76
Olivewood Gardens	San Diego, CA	61
The Alexandria	Los Angeles, CA	463
The Argonaut/El Tovar	Denver, CO	108
Drehmoor	Denver, CO	74
Hudson Townhouse Manor	Antioch, CA	122

BELLA VISTA ORGANIZATIONAL CHART



ATTACHMENT 4B – DEVELOPER DISCLOSURE STATEMENT

DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE

1. Name of CONTRACTOR: Islas Development, LLC

2. Address and Zip Code: 1927 Adams Ave, Suite 200

3. Telephone Number: 619-260-5562

4. Name of Principal Contact for CONTRACTOR: Ruben Islas

5. Federal Identification Number or Social Security Number of CONTRACTOR: 41-2027897

6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

✓ A corporation (Attach Articles of Incorporation)

___ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

___ A partnership known as: _____
(Name)

Check one

( ) General Partnership (Attach statement of General Partnership)

( ) Limited Partnership (Attach Certificate of Limited Partnership)

___ A business association or a joint venture known as:
_____ (Attach joint venture or business association agreement)

___ A Federal, State or local government or instrumentality thereof.

___ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:

December 24th, 2001

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.

b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.

d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.

e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.(Attach extra sheet if necessary)

Name, Address and Zip Code	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Ruben Islas	Sole Member, 100%
Address: 1005 Solymar Dr., La Jolla, CA 92037	
619-260-5562	
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

No.

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

No.

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Name, Address and Zip Code	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	
Address:	
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Name, Address and Zip Code	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	
Address:	
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name, Address and Zip Code	Relationship to CONTRACTOR
Name: Logan Capital Advisors, LLC	Contractor has 50% interest in Logan Capital Advisors, LLC.
Address: 1927 Adams Ave, Suite 200	Jules Arthur is the sole member of Suffolk Development, LLC
San Diego, CA 92116	which has a 50% interest in Logan Capital Advisors, LLC
Name: S	
Address:	
Name:	
Address:	
Name: See Attached of other affiliations	
Address:	

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:
The project will be funded utilizing tax exempt bonds and 4% low income housing tax credits. Preliminarily the lender is going to be Hunt Mortgage utilizing a Fannie Mae private placement and the tax credit investor will be WNC. The loan will be approximately $28.6 million and there will be approximately $19 million of tax credit equity. The rehabilitation of the property will cost $8.7 million ($51,500/unit)

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

a. In banks/savings and loans:

Name, Address & Zip Code of Bank/Savings & Loan:

N/A

Amount: $_____

b. By loans from affiliated or associated corporations or firms:

Name, Address & Zip Code of Bank/Savings & Loan:

N/A

Amount: $_____

c. By sale of readily salable assets/including marketable securities:

Description	Market Value ($)	Mortgages or Liens ($)
N/A		

17. Names and addresses of bank references, and name of contact at each reference:

Name, Address and Zip Code	Contact Name
Name: Hunt Mortgage	Paul Weissman
Address: 3033 East First Avenue, Suite 212	(303) 504-6239
Denver, Colorado 80206	paul.weissman@huntcompanies.com
Name: Dougherty & Company LLC	Jerry Wright
Address: 90 S 7th St Ste 4300	(512) 708-1555
Minneapolis, MN 55402	jwright@doughertymarkets.com
Name: Citi	Mike Hemmens
Address: 325 E Hillcrest Dr. Suite 160	(805) 557-0933
Thousand Oaks, CA 91360	mike.hemmens@citi.com
Name: First Republic Bank	Jason Shidler
Address: 12626 High Bluff Dr	jshidler@firstrepublic.com
San Diego, CA 92130-2074	(619)Â 338-1551

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

___ Yes ✓ No

If yes, give date, place, and under what name.

_____

_____

_____

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

___ Yes ✓ No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

_____

_____

_____

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
Tax-Exempt	Multi-Family Acquisition Rehab - Bella Vista Apts. San Diego - 170 units	11/20/2002	$10,215,000	N/A
Tax-Exempt	Multi-Family Acquisition Rehab - Carlton Country Club Villas - Santee - 130 units	12/16/03	$7,670,000	N/A
Tax-Exempt	Multi-Family Acquisition Rehab - Bay Vista Methodist Heights - San Diego - 268 units	12/31/2008	$24,190,000	N/A
Tax-Exempt	Multi-Family Acquisition Rehab - Golden Age Garden - San Diego - 76 units	09/15/2010	$5,620,000	N/A

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

a. Name and addresses of such contractor or builder:

Name, Address and Zip Code	Affiliation
Name: Phase 3 Construction, Inc./Ruben Islas	Officer and 40% owner of Phase 3
Address: 1927 Adams Ave, Suite 200, San Diego CA 92116	Construction, Inc.
Name: Phase 3 Construction, Inc./Jules Arthur	Officer and 40% owner of Phase 3
Address: 1927 Adams Ave, Suite 200, San Diego CA 92116	Construction, Inc.
Name: Phase 3 Construction, Inc./Jeremy Turner	President and 20% owner of
Address: 1927 Adams Ave, Suite 200, San Diego CA 92116	Phase 3 Construction, Inc.
Name:	
Address:	

b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

___ Yes ✓ No

If yes, please explain, in detail, each such instance:

_____

_____

_____

c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: $750,000.00

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

Project Name	Olivewood Gardens (Project Commenced in January 2016 and will be complete in April 2016)	
Project Owner Contact Information	Olivewood Gardens Housing Partners, LP	PO Box 880367 San Diego, CA 92168
	Name	Address
Project Location	2865 55th Street San Diego, CA 92105	
Project Details	Moderate Rehab of 25 out of 61 total units including replacement of all interior fixtures & finishes. Site work including roof & asphalt repairs, water heater & window replacement. Gutter installation, termite treatment, & wood replacement.	
Bonding Company Involved	None	
	Name	Amount of Contract
Change Order Details	None	
Change Order Cost	$0.00	
Litigation Details	N/A	N/A
	Location/Date	Outcome Details

Project Name		
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details

d. Construction contracts or developments now being performed by such contractor or builder:

Indentification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder:

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

___ Yes ✓ No

If yes, explain.

_____

_____

_____

_____

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

_____

_____

_____

_____

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

___ Yes ✓ No

If yes, explain:

_____

_____

_____

_____

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category:

a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☐ Comprehensive Form
- ☐ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☐ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☐ Personal Injury

b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☐ Comprehensive Form
- ☐ Owned
- ☐ Hired
- ☐ Non-Owned

c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state:

Government Entity Making Complaing	Date	Resolution
N/A		

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please state:

N/A

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
N/A					

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

N/A

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e. City Commission, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
	N/A		

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

___ Yes ✓ No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

___ Yes ✓ No

If yes, explain:

38. List three local references who would be familiar with your previous construction project:

1. Name: Logan Property Management, Inc. - Martha Enriquez

   Address: 1927 Adams Ave, Suite 200, San Diego, CA 92116

   Phone: 619-260-5562

   Project Name and Description: Sea Breeze Apartments (Bay Vista), Golden Age Garden Apts, Bella Vista Apts, Carlton Country Club ~~Villas, Olivewood Gardens Apartments. All San Diego properties.~~

2. Name: Citi - Mike Hemmens

   Address: 325 E Hillcrest Dr. Suite 160 Thousand Oaks, CA 91360

   Phone: (805) 557-0930 . 224

   Project Name and Description: Golden Age Garden - San Diego

3. Name: Wentwood Capital Advisors, L.P. - Sarah Hamm

Address: 515 South Capital of Texas Hwy Suite 103 Austin, TX 78746

Phone: (512) 637-9292

Project Name and Description: Sea Breeze (Bay Vista) - San Diego

39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

Islas Development has developed over 3000 units since 2001. Islas Development's primary focus is in the acquisition and rehabilitation of multi-family, low income housing.

40. Give the name and experience of the proposed Construction Superintendent.

Name	Experience
Jeremy Turner Phase 3 Construction, Inc. 619-846-6406	Please see attached resume for Jeremy Turner

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 23rd day of MARCH, 20 16, at San Diego, California.

CONTRACTOR

By: _____
Signature

MEMBER
Title

CERTIFICATION

The CONTRACTOR, RUBEN ISLAS JR, hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: _____ By: _____

Title: MEMBER Title: _____

Dated: 3/23/16 Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

JURAT

State of California

County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20_____

by _____ personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

PLEASE SEE ATTACHED NOTARIZED FORM

_____
Signature of Notary

SEAL

DISCLOSE.PUB

JURAT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

State of California
County of San Diego

Subscribed and sworn (or affirmed) before me on this 23rd day of March, 2016, by Ruben Isias Jr proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Elyce Marie Martinez
Notary's Signature

OFFICIAL SEAL
ELYCE MARIE MARTINEZ
NOTARY PUBLIC-CALIFORNIA
COMM. NO. 1995401
SAN DIEGO COUNTY
MY COMM. EXP. OCT. 26, 2016

OPTIONAL

DESCRIPTION OF ATTACHED DOCUMENT

Title of Type of Document: Certification
Document Date: _____ Number of Pages Including this One: _____
Additional Information: pg. 18

RIGHT THUMPRINT OF SIGNER #1	RIGHT THUMPRINT OF SIGNER #2

ATTACHMENT 4C – DEVELOPER DISCLOSURE STATEMENT

DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE

1. Name of CONTRACTOR: **Bella Vista Communities, L.L.C.**

2. Address and Zip Code: **1927 Adams Ave, Suite 200 San Diego, CA 92116**

3. Telephone Number: **619-260-5562**

4. Name of Principal Contact for CONTRACTOR: **Ruben Islas**

5. Federal Identification Number or Social Security Number of CONTRACTOR:
Entity and EIN currently being formed.

6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

   X A corporation (Attach Articles of Incorporation)

   ___ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

   ___ A partnership known as: _____
   (Name)

   Check one
   ( ) General Partnership (Attach statement of General Partnership)
   ( ) Limited Partnership (Attach Certificate of Limited Partnership)

   ___ A business association or a joint venture known as:
   _____
   (Attach joint venture or business association agreement)

   ___ A Federal, State or local government or instrumentality thereof.

   ___ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization: **Currently being formed.**

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

   a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.

   b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

   c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.

   d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.

   e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and Zip Code	Position Title (if any) and percent of interest or description of character and extent of interest

(Attach extra sheet if necessary)

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail. **No.**

10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail. **No.**

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which

Since 2007:	The Rosslyn Lofts Housing Partners, L.P.	Los Angeles, CA
Since 2008:	Bay Vista Housing Partners, L.P.	San Diego, CA
Since 2009:	Olivewood Housing Partners, L.P.	San Diego, CA
Since 2009:	Golden Age Garden Housing Partners, L.P.	San Diego, CA

Logan Capital Advisors, LLC
Logan Capital, LLC
Downtown Denver Commercial, LLC
Rosslyn Commerical, LLC
Avalon-Logan, LLC
Amerland West, LLC
Amerland/Briarwood, LLC
Amerland Group, LLC
Amerland/Hawaiian Gardens, LLC
Amerland/Briarwood, LLC
Amerland/Downtown Denver, LLC
Grande Housing, LLC
Grande/Seaview, LLC
Amerland Communities, LLC
Amerland/Carlton, LLC
Amerland/Campus, LLC
Amerland/Plaza Seniors, LLC
Grande Housing II, LLC
Grande II/Lafayette, LLC
Golden Age Partners, LLC
Amerland/Golden Age, LLC
Amerland Development, LLC
MRJ, LLC
Amerland/Oakbrook, LLC
The Amerland Group, LLC
Amerland Downtown Denver, LLC
Rosslyn Partners, LLC
Amerland/Rosslyn Partners, LLC
Bay Vista Partners, LLC
Amerland/Bay Vista, LLC

Michael Coit, Sole Member of Finco Development, Inc is a member of the following entities from the above list:
Logan Square Housing Partners, L.P., Avalon-Logan, LLC, Briarwood Housing Partners, L.P., Amerland West, LLC, Amerland/Briarwood, LLC, Campus Gardens Housing Partners, L.P., Amerland Communities, LLC, Carlton Villas Housing Partners, L.P., Hannon Seaview Housing Partners, L.P. Grande Housing, LLC, Grande/Seaview, LLC, Hawaiian Gardens Housing Partners, L.P. , Amerland West, LLC, Amerland/Hawaiian Gardens, LLC, Lafayette Square Housing Partners, L.P., Grande Housing II, LLC, Grande II/Lafayette, LLC, Plaza Seniors Housing Partners, L.P., Amerland/Plaza Seniors, LLC

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position. **This is a newly formed entity with no financials.**

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project: **The project will be funded utilizing tax exempt bonds and 4% low income housing tax credits. Preliminarily the lender is going to be Hunt Mortgage utilizing a Fannie Mae private placement and the tax credit investor will be WNC. The loan will be approximately $28.6 million and there will be approximately $19 million of tax credit equity. The rehabilitation of the property will cost $8.7 million ($51,500/unit)**

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: **Please see sources and uses previously provided as part of application.**

    a. Name, Address & Zip Code of Bank/Savings & Loan:

       Amount: $_____

    b. By loans from affiliated or associated corporations or firms:

       Name, Address & Zip Code of Bank/Savings & Loan:

       Amount: $_____

    c. By sale of readily salable assets/including marketable securities:

Description	Market Value	Mortgages or Liens
	$	$

17. Names and addresses of bank references, and name of contact at each reference:
Paul Weissman
paul.weissman@huntcompanies.com (303) 504-6239
Hunt Mortgage

3033 East First Avenue, Suite 212
Denver, Colorado 80206

Jerry Wright
jwright@doughertymarkets.com (512) 708-1555
Dougherty & Company LLC
90 S 7th St Ste 4300
Minneapolis, MN 55402

Mike Hemmens
mike.hemmens@citi.com (805) 557-0933
Citi
325 E Hillcrest Dr. Suite 160
Thousand Oaks, CA 91360

Jason Shidler
jshidler@firstrepublic.com (619) 338-1551
First Republic Bank
12626 High Bluff Dr
San Diego, CA 92130-2074

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?
    ____ Yes _X_ No

    If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?
    ___ Yes _X_ No

    If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond: **N/A. This is a newly formed entity.**

Bond Type	Project Description	Date of Completion	Amount of Bond	Action on Bond

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

    a. Name and addresses of such contractor or builder:
    Phase 3 Construction, Inc./Ruben Islas
    1927 Adams Ave, Suite 200 San Diego, CA 92116

    Phase 3 Construction, Inc./Jules Arthur
    1927 Adams Ave, Suite 200 San Diego, CA 92116

    Phase 3 Construction, Inc./Jeremy Turner
    1927 Adams Ave, Suite 200 San Diego, CA 92116

    b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?
    ___ Yes _X_ No

    If yes, please explain, in detail, each such instance:

    c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: $ **750,000.00**

    General description of such work:

    List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

    Project Name: Olivewood Gardens (Project Commenced in January 2016 and will be complete in April 2016)

    Project Owner: Olivewood Gardens Housing Partners, LP PO Box 880367 San Diego, CA 92168

Project Location: 2865 55th Street San Diego, CA 92105

Project Details: Moderate Rehab of 25 out of 61 total units including replacement of all interior fixtures & finishes. Site work including roof & asphalt repairs, water heater & window replacement. Gutter installation, termite treatment, & wood replacement.

d. Construction contracts or developments now being performed by such contractor or builder: **See above.**

Identification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder: **N/A**

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor: **The Limited Partnership will hire Phase 3 Construction, Inc. to perform the necessary work.**

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?
___ Yes _X_ No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows: **This is a newly formed entity. See attached resume for Ruben Islas and Jules Arthur.**

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?
___ Yes __X__ No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category: See Certificates Attached.

The Limited Partnership will comply with any necessary insurance requirements.

a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:
- ☐ Comprehensive Form
- ☐ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☐ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☐ Personal Injury

b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:
- ☐ Comprehensive Form
- ☐ Owned
- ☐ Hired
- ☐ Non-Owned

c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

_____

_____

_____

d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

_____

_____

_____

_____

e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

_____

_____

_____

_____

f. Other (Specify). [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

_____

_____

_____

_____

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places,

available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.

_____

Agreed.

_____

_____

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

_____

Agreed.

_____

_____

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

_____

Agreed.

_____

_____

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please so state: **None.**

Government Entity Making Complaint	Date	Resolution

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state: **No.**

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked: **N/A**

Governmental Agency	Description License	License Number	Date Issued (original)	Status (current)	Revocation (yes/no)

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION. **None anticipated.**

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION. **The principals in the Limited Partnership have developed over 3000 units through the use of bonds and LIHTC. In addition, the vast majority of developed properties have either HAP or Project based Section 8 contracts. In addition, the principals of the Limited Partnership have completed the following acquisition rehabs in San Diego County:**

2002: Multi-Family Acquisition Rehab - Bella Vista Apts. San Diego - 170 units. Bond amount: $10,215,000

2003: Multi-Family Acquisition Rehab - Carlton Country Club Villas - Santee - 130 units. Bond amount: $7,670,000

2008: Multi-Family Acquisition Rehab - Bay Vista Methodist Heights - San Diego - 268 units. Bond amount: $24,190,000

2010: Multi-Family Acquisition Rehab - Golden Age Garden - San Diego - 76 units. Bond amount: $5,620,000

Also, Olivewood Gardens is currently undergoing a rehab under the direction and supervision of the principals and of Phase 3 Construction, Inc. (Project Commenced in January 2016 and will be complete in April 2016).

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years: **This is a newly formed entity. N/A**

Date	Entity Involved (i.e., CITY COMMISSION, etc.)	Status (Current, delinquent repaid, etc.)	Dollar Amount

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? ___ Yes _X_ No

    If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?
    ___ Yes _X_ No

    If yes, explain:

38. List three local references who would be familiar with your previous construction project: **N/A. This is a newly formed entity.**

    Name: Logan Property Management, Inc. - Martha Enriquez

    Address: 1927 Adams Ave, Suite 200, San Diego, CA 92116

    Phone: 619-260-5562

Project Name and Description: Sea Breeze Apartments (Bay Vista), Golden Age Garden Apts, Bella Vista Apts, Carlton Country Club Villas, Olivewood Gardens Apartments, All San Diego properties.

Name: Citi - Mike Hemmens

Address: 325 E Hillcrest Dr. Suite 160 Thousand Oaks, CA 91360

Phone: (805) 557-0930 . 224

Project Name and Description: Golden Age Garden - San Diego

Name: Wentwood Capital Advisors, L.P. - Sarah Hamm

Address: 515 South Capital of Texas Hwy Suite 103 Austin, TX 78746

Phone: (512) 637-9292

Project Name and Description: Sea Breeze (Bay Vista) - San Diego

39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

Principals in the newly formed Limited Partnership have developed over 3000 units since 2001.

40. Give the name and experience of the proposed Construction Superintendent.

Jeremy Turner
Phase 3 Construction, Inc.
619-846-6406

See previously provided resume for Jeremy Turner.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 21 day of April, 2016 at San Diego, California.

CONTRACTOR

By: RUBEN ISLAS, JR.

Signature

MANAGING MEMBER

Title

CERTIFICATION

The CONTRACTOR, Ruben Islas, Jr., hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: RUBEN ISLAS, JR
Title: MANAGING MEMBER
Dated: 4/21/16

By: —
Title: —
Dated: —

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

ATTEST:

State of California

County of San Diego

Subscribed and sworn to before me this 21st day of April, 2016.

CHERYL DAGOSTARO
Commission # 1986480
Notary Public - California
San Diego County
My Comm. Expires Aug 25, 2016

Cheryl Dagostaro, Notary Public
Signature of Notary

Cheryl Dagostaro
Name of Notary

See Attached Jurat / Cheryl Dagostaro, Notary Public.

SEAL

Ruben Islas – Resume
1927 Adams Avenue, Suite 200
San Diego 92116

Expertise

- Developed over 3,400 low-income multi-family housing units in Southern California, Northern California, New Mexico and Colorado.
- Partner in Logan Property Management, Inc., which manages & asset manages 2,800 low-income multi-family units that utilize HUD and Tax Credit programs.
- Sophisticated Real Estate Investor with intimate knowledge of HUD, Tax Credit and Bond programs.
- Specialist in the marketing, evaluation, and sale of apartment properties.

Work Experience

- 2010 to Present — **Logan Capital Advisors, LLC – Partner**
  Logan Capital Advisors is an affordable housing development firm that has expertise with HUD and utilizes Tax Exempt Bonds and Low Income Housing Tax Credits to acquire and rehabilitate existing affordable housing projects.

- 2004 to Present — **Logan Property Management, Inc. – Partner**
  Property and Asset Management company which specializes in Low Income Housing and properties financed with Tax Credit programs. Expertise in HUD programs including project based Section 8 properties.

- 2002 to 2010 — Amerland Group, LLC. - Partner - Developer
- 1997 to 1999 — Avalon Communities, LLC. - Vice President
- 1994 to 1997 — H. W. WILSON – Development Specialist

Education

1995-1996 ST. JOHN'S UNIVERSITY
Concentration in finance

1994-1995 QUEENS COLLEGE
Business and Finance

1987-1991 UNIVERSITY OF CALIFORNIA, SAN DIEGO
Performance/Writing
Minor in Economics

AFFORDABLE HOUSING PROJECTS OWNER/DEVELOPED:

Project	Location	# of Units
Bella Vista	San Diego, CA	170
Lilly Gardens	Gilroy, CA	84
Willowbrook	Bay Point, CA	72
Campus Gardens	Sacramento, CA	126
Carlton Country Club Villas	Santee, CA	130
Hawaiian Gardens	Hawaiian Gardens, C	264
Seaview Village	Seaside, CA	133
Dessert Villas	El Centro, CA	172
Villas Esperanza	Albuquerque, NM	188
Casa de Vallejo	Vallejo, CA	136
Briarwood Manor	Montclair, CA	100
Oakbrook I Manor	Ft. Collins, CO	107
The Rosslyn Lofts	Los Angeles, CA	297
Bay Vista Methodist Heights	San Diego, CA	268
Golden Age Garden	San Diego, CA	76
Olivewood Gardens	San Diego, CA	61
The Alexandria	Los Angeles, CA	463
The Argonaut/El Tovar	Denver, CO	108
Drehmoor	Denver, CO	74
Hudson Townhouse Manor	Antioch, CA	122

Jules Arthur – Resume
1927 Adams Avenue, Suite 200
San Diego 92116

Expertise

- Developed over 3,400 low-income multi-family housing units in Southern California, Northern California, New Mexico and Colorado.
- Partner in Logan Property Management, Inc., which manages & asset manages 2,800 low-income multi-family units that utilize HUD and Tax Credit programs.
- Sophisticated Real Estate Investor with intimate knowledge of HUD, Tax Credit and Bond programs.
- Specialist in the marketing, evaluation, and sale of apartment properties.

Work Experience

- 2010 to Present — **Logan Capital Advisors, LLC – Partner**
  Logan Capital Advisors is an affordable housing development firm that has expertise with HUD and utilizes Tax Exempt Bonds and Low Income Housing Tax Credits to acquire and rehabilitate existing affordable housing projects.

- 2004 to Present — **Logan Property Management, Inc. – Partner**
  Property and Asset Management company which specializes in Low Income Housing and properties financed with Tax Credit programs. Expertise in HUD programs including project based Section 8 properties.

- 2002 to 2010 — Amerland Group, LLC. - Partner - Developer
- 1998 to 2002 — Hendricks & Partners, San Diego Office – Investment Broker
- 1994 to 1998 — Grubb & Ellis Company, San Diego, California – Investment Broker
- 1990 to 1994 — R. C. Knight & Sons, Stowmarket, England
  General Practice Chartered Surveyor

Education

City of Nottingham, England
Bachelors of Science (Hons), Urban Estate Surveying (1989)

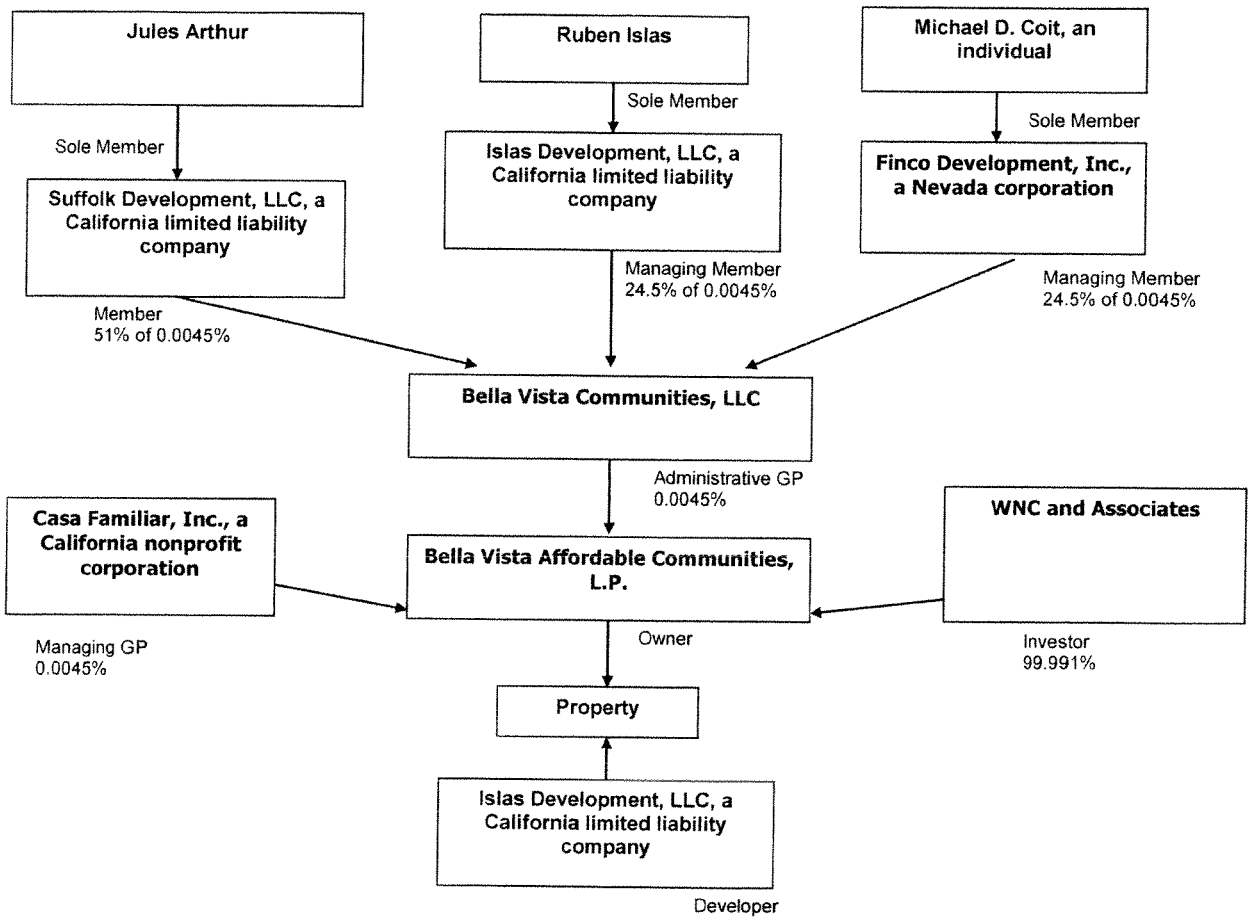
Accomplishments & Awards

- Grubb & Ellis Rookie of the Year for San Diego County
- Member of Royal Institute of Chartered Surveyors

AFFORDABLE HOUSING PROJECTS OWNER/DEVELOPED:

Project	Location	# of Units
Bella Vista	San Diego, CA	170
Lilly Gardens	Gilroy, CA	84
Willowbrook	Bay Point, CA	72
Campus Gardens	Sacramento, CA	126
Carlton Country Club Villas	Santee, CA	130
Hawaiian Gardens	Hawaiian Gardens, C	264
Seaview Village	Seaside, CA	133
Dessert Villas	El Centro, CA	172
Villas Esperanza	Albuquerque, NM	188
Casa de Vallejo	Vallejo, CA	136
Briarwood Manor	Montclair, CA	100
Oakbrook I Manor	Ft. Collins, CO	107
The Rosslyn Lofts	Los Angeles, CA	297
Bay Vista Methodist Heights	San Diego, CA	268
Golden Age Garden	San Diego, CA	76
Olivewood Gardens	San Diego, CA	61
The Alexandria	Los Angeles, CA	463
The Argonaut/El Tovar	Denver, CO	108
Drehmoor	Denver, CO	74
Hudson Townhouse Manor	Antioch, CA	122

BELLA VISTA ORGANIZATIONAL CHART



ATTACHMENT 4D – DEVELOPER DISCLOSURE STATEMENT

Real Estate Department

DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/ ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
STATEMENT FOR PUBLIC DISCLOSURE

1. Name of CONTRACTOR: CASA FAMILIAR, INC.

2. Address and Zip Code: 119 W. HALL AVE. SAN YSIDRO, CA 92173

3. Telephone Number: (619) 428-1115

4. Name of Principal Contact for CONTRACTOR: ANDREA SKOREPA

5. Federal Identification Number or Social Security Number of CONTRACTOR: 23-7237898

6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

___ A corporation (Attach Articles of Incorporation)

X A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status). SEE ATTACHMENT (1)

___ A partnership known as: _____
(Name)

Check one
( ) General Partnership (Attach statement of General Partnership)
( ) Limited Partnership (Attach Certificate of Limited Partnership)

___ A business association or a joint venture known as:
_____
(Attach joint venture or business association agreement)

___ A Federal, State or local government or instrumentality thereof.

___ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization: 02/06/1973

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

   a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.

   b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body. SEE ATTACHMENT (2)

   c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.

   d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.

   e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and Zip Code	Position Title (if any) and percent of interest or description of character and extent of interest

(Attach extra sheet if necessary)

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

   NO

10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

    NO

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which

gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Name, Address and Zip Code	Position Title (if any) and extent of interest
N/A	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

SEE ATTACHED

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature. If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

STEADFAST VILLA NUENA L.P., CREEKSIDE HOLDINGS LTD., ALDER PARTNERS NO. 1 LTD., GARDEN VIEW APTS. NO. 1 LTD., LOGAN SQUARE HOUSING PARTNERS L.P., AND PARKHAVEN APTS. NO 1 LTD.

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

SEE ATTACHMENTS 3 AND 4

CASA FAMILIAR IS THE MANAGING GENERAL PARTNER IN THESE LOW INCOME HOUSING PARTNERSHIPS

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

PROJECT FINANCING PLAN HAS NOT YET BEEN FINALIZED.

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

    a. Name, Address & Zip Code of Bank/Savings & Loan:

       Amount: $_____

    b. By loans from affiliated or associated corporations or firms:

       Name, Address & Zip Code of Bank/Savings & Loan:

       Amount: $_____

    c. By sale of readily salable assets/including marketable securities:

Description	Market Value	Mortgages or Liens
	$	$

17. Names and addresses of bank references, and name of contact at each reference:

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

    ____ Yes X No

    If yes, give date, place, and under what name.

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?
___ Yes X No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Bond Type	Project Description	Date of Completion	Amount of Bond	Action on Bond

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:
Not Applicable.
a. Name and addresses of such contractor or builder:

b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?
___ Yes ___ No

If yes, please explain, in detail, each such instance:

c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: $_____

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation.

d. Construction contracts or developments now being performed by such contractor or builder:

Identification of Contract or Development	Location	Date to be AmountCompleted

e. Outstanding construction-contract bids of such contractor or builder:

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the COMMISSION, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?
___ Yes X No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?
___ Yes ___ No

If yes, explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages: List the amount of coverage (limits) currently existing in each category: See Certificates Attached.

a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:
- ☐ Comprehensive Form
- ☒ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☒ Products/Completed Operations Hazard
- ☐ Contractual Insurance
- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☒ Personal Injury

SEE ATTACHMENT (5)

b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:
- ☐ Comprehensive Form
- ☒ Owned
- ☒ Hired
- ☒ Non-Owned

c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

_____

_____

_____

_____

d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

_____

_____

_____

_____

e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

_____

_____

_____

_____

f. Other (Specify). [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

_____

_____

_____

_____

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.

_____

_____

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please so state:

Government Entity Making Complaint	Date	Resolution

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state:

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Governmental Agency	Description License	License Number	Date Issued (original)	Status (current)	Revocation (yes/no)

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the COMMISSION.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e., CITY COMMISSION, etc.)	Status (Current, delinquent repaid, etc.)	Dollar Amount

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? ___ Yes ___ No

    If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?
    ___ Yes ___ No

    If yes, explain:

38. List three local references who would be familiar with your previous construction project:

    Name: _____

    Address: _____

    Phone: _____

    Project Name and Description: _____

    _____

Name: _____

Address: _____

Phone: _____

Project Name and Description: _____

_____

Name: _____

Address: _____

Phone: _____

Project Name and Description: _____

_____

39. Give a brief statement respecting equipment, experience, financial capacity and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

40. Give the name and experience of the proposed Construction Superintendent.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("COMMISSION"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the COMMISSION, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the COMMISSION, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the COMMISSION, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 21st day of APRIL, 2016, at San Diego, California.

CONTRACTOR

By: Andrea Skorepa
Signature

PRESIDENT & CEO
Title

CERTIFICATION

The CONTRACTOR, CASA FAMILIAR, INC., hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: Andrea Skorepa

Title: PRESIDENT & CEO

Dated: 4/21/16

By: _____

Title: _____

Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

ATTEST:

See attached loose certificate
M Treviño 4/21/16

State of California

County of _____

Subscribed and sworn to before me this _____ day of _____, 20____.

_____
Signature of Notary

_____
Name of Notary

SEAL

CALIFORNIA JURAT WITH AFFIANT STATEMENT **GOVERNMENT CODE § 8202**

☒ See Attached Document (Notary to cross out lines 1–6 below)
☐ See Statement Below (Lines 1–6 to be completed only by document signer[s], *not* Notary)

M Freedman 4/21/16

Signature of Document Signer No. 1

NONE

Signature of Document Signer No. 2 (if any)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of SAN DIEGO

Subscribed and sworn to (or affirmed) before me on this 21st day of APRIL, 2016.
Date *Month* *Year*

by
(1) _____
(and (2) NO OTHERS),
Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

MICHAEL R. FREEDMAN
Commission # 2017705
Notary Public - California
San Diego County
My Comm. Expires Apr 30, 2017

Signature Michael R Freedman
Signature of Notary Public

Seal
Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: STATEMENT FOR PUBLIC DISCLOSURE Document Date: N/A

Number of Pages: 14+ Signer(s) Other Than Named Above: NONE

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ATTACHMENT (1)

State of California
Secretary of State

CERTIFICATE OF STATUS
DOMESTIC CORPORATION

I, BRUCE McPHERSON, Secretary of State of the State of California, hereby certify:

That on the 6th day of FEBRUARY 1973, CASA FAMILIAR, INC. became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of October 19, 2006.

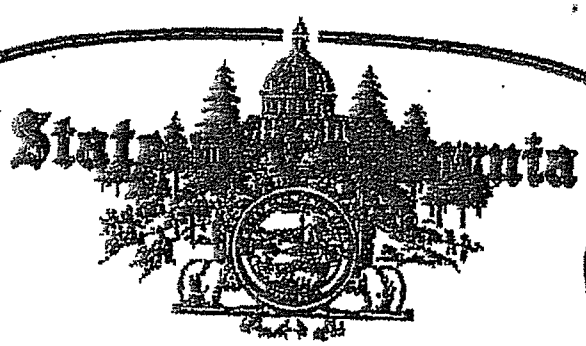
BRUCE McPHERSON
Secretary of State

NP-25 (Rev 03/01/05)

CPA

A0533895

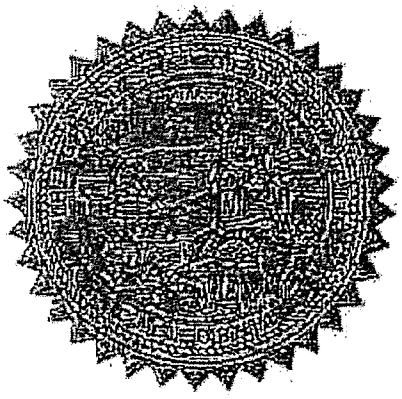
1



SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 7 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

NOV - 4 1999

Bill Jones

Secretary of State

Secretary of State Form CE-107 (rev. 10/98)

A0533895

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

NOV - 1 1999

BILL JONES, Secretary of State

1

RESTATED
ARTICLES OF INCORPORATION

OF

CASA FAMILIAR, INC.

The undersigned certify that:

1. They are the president and secretary respectively of CASA FAMILIAR, INC., a California corporation.

2. The Articles of Incorporation of this corporation are amended and restated to read as follows:

I

The name of the corporation is CASA FAMILIAR, INC.

II

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes.

III

The primary purposes for this corporation are to promote the general welfare of the San Diego community by providing family, youth, housing, and other social services and assisting in the revitalization of the San Diego community by engaging in community development, economic development, and affordable housing activities.

IV

This corporation is organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law. Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law.

V

This corporation shall exercise all powers conferred upon nonprofit corporations by the Nonprofit Public Benefit Corporation Law of the State of California. Such powers include, but are not limited to, the following powers:

(a) Issue, purchase, redeem, receive, take or otherwise acquire, own, sell, lend, exchange, transfer, or otherwise dispose of, pledge, use and otherwise deal in and with its own bonds, debentures, notes and debt securities.

(b) Assume obligations, enter into contracts, including contracts of guarantee or suretyship, incur liabilities, borrow or lend money or otherwise use its credit, and secure any of its obligations, contracts or liabilities by

mortgage, pledge or other encumbrance of all or any part of its property and income.

(c) Participate with others in any partnership, joint venture or other association, transaction or arrangement of any kind whether or not such participation involves the sharing or delegation of control with or to others.

(d) Purchase, own, develop, hold, improve, rehabilitate, use, manage, lease, sell, exchange, convey, mortgage, hypothecate, or encumber real and personal property, or any interest therein.

In all events, however, these powers will be used in furtherance of the corporation's exempt purposes as stated in these Articles of Incorporation. The corporation will not engage in activities which do not substantially further such purposes. Nothing contained in these Articles of Incorporation shall be construed to authorize this corporation to carry on any activity for the profit of, or to distribute any gains, profits or dividends to, officers, directors, or any other person or entity.

VI

(a) No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Internal Revenue Code of 1986, and this corporation shall not participate in or intervene in (including publishing or distributing statements) in any political campaign on behalf of any candidate for public office, except as otherwise provided in Section 501(h) of the Internal Revenue Code of 1986.

(b) All corporate property is irrevocably dedicated to the charitable and educational purposes meeting the requirements for exemption provided by Section 214

of the California Revenue And Taxation Code. No part of the net earnings of this corporation shall inure to the benefit of any of its directors, trustees, officers, private shareholders or members, or to individuals.

(c) On the winding up and dissolution of this corporation, after paying or adequately providing for the debts, obligations, and liabilities of the corporation, the remaining assets of this corporation shall be distributed to such organization (or organizations) organized and operated exclusively for charitable purposes, which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law) and which has established its tax-exempt status under Section 23701d of the California Revenue and Taxation Code (or the corresponding section of any future California revenue and tax law.)

VII

This corporation shall have no members.

VIII

The principal place or office for the transaction of business of this corporation is located in San Diego County, California.

IX

If this corporation holds any assets in trust, such assets shall be disposed of in such a manner as may be directed by decree of the Superior Court of the County in which this corporation's principal office is located, upon petition therefor by the Attorney General, or by any person concerned in the liquidation.

X

This corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law of 1980 not otherwise applicable to it under Part 5.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors.

4. The foregoing amendment and restatement of the Articles of Incorporation has been duly approved by the required vote of the members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: 10/26/, 1999

Edward S. Oliva, President

Dated: 10/26/, 1999

Gustavo A. Bidart II, Secretary

OFFICE OF THE SECRETARY OF STATE

CASA FAMILIAR
A COMMUNITY SERVICE AGENCY

1

CORPORATE RESOLUTION

Adopted December 7, 2006

WHEREAS, Article V, Section 2 of the Bylaws of Casa Familiar, Inc. states that "*all checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, and in such a manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and countersigned by the President or Chairman.*"

NOW, THEREFORE, BE IT RESOLVED, only the following persons, and no others, shall exercise the authority as signatories allowed by Article V, Section 2 of the Bylaws: either Gustavo A. Bidart, as the Chairman, or Judy Atkins (aka Judy Atkins-Whittemore), as a Director, and countersigned by Andrea Skorepa, as the President; and

RESOLVED FURTHER, that the actions authorized by this resolution shall be effective from the time of submission and acceptance of the appropriate signature identification documents by the corporation's financial institutions; however, any signature authority previously approved shall remain in effect and may be relied upon until the effective date of notification of approval and acceptance by the financial institutions of the changes authorized by this resolution.

CERTIFICATION OF SECRETARY

The undersigned hereby certifies that he is the duly elected Secretary of CASA FAMILIAR, INC., a corporation duly organized and existing under the laws of the State of California, and that the foregoing resolution is a full, true, and correct copy of a resolution of the Board of Directors of said Corporation, duly and regularly passed and adopted in accordance with the provisions in the Bylaws of the Corporation and California Corporations Code, on the 7th day of December, 2006, as the act of a quorum of the Board of Directors of said Corporation. The undersigned further certifies that said resolution remains in full force and effect and has not be modified, suspended or revoked, in whole or in part.

IN WITNESS WHEREOF, I have executed the foregoing certificate in my capacity as Secretary of the Corporation and have affixed the corporate Seal of said Corporation thereon this 7th day of December 2006.

(Seal)

Edward Oliva, Secretary

The undersigned is the Chairman of the Corporation and certifies that the person signing above as Secretary of the Corporation is the Secretary of the Corporation, and that the signature set forth above is the signature of that person.

Gustavo A. Bidart, Chairman

119 W. Hall Avenue • San Ysidro, CA 92173 • (619) 428-1115 • FAX (619) 428-2802 • www.casafamiliar.org

CASA FAMILIAR
A COMMUNITY SERVICE AGENCY

1

CORPORATE RESOLUTION

Adopted December 7, 2006

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(Seal)

Edward Oliva

Edward Oliva, Secretary

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Gustavo A. Bidart, Chairman

119 W. Hall Avenue • San Ysidro, CA 92173 • (619) 428-1115 • FAX (619) 428-2882 • www.casafamiliar.org

Casa Familiar, Inc.
BOARD OFFICERS

ATTACHMENT 2

CHAIRMAN	MEMBER SINCE
Kurt Chilcott CEO/President CDC Small Business Finance Corp. 2448 Historic Decatur Rd. Ste. 200 San Diego, CA 92106 (619) 243-8610 Fax (619) 291-6954 kchilcott@cdcloans.com	September 1998

VICE CHAIRMAN

Gustavo A. Bidart II (619) 498-3158 Fax (619) 498-3161 Gustavo Bidart <gustavo1bidart@gmail.com	May 1998

PRESIDENT

Andrea Skorepa
Chief Executive Officer
Casa Familiar, Inc.
119 West Hall Avenue
San Ysidro, CA 92173-2514
(619) 428-1115 Fax (619) 428-2802
andreas@casafamiliar.org

TREASURER

Aracelí Rivera 311 F Street, Suite 204 Chula Vista CA, 91910 (619)254-1841 araceli@acr-cpa.com	2010

SECRETARY
Jess Haro
Businessperson/Community Activist
Haro Supply Co./Haro Lumber
P.O. Box 13986
San Diego, CA 92170
(619) 234-3381 Fax (619) 234-3384
harosupplyco@sbcglobal.net

2008

2

Yolanda Hernandez
Resident of San Ysidro
Member, Governing Board, SY School District
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September 1998

Mario Aguilar
Counselor
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September 1988

Irene Barajas
Resident & Girl Scout Troop Leader
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May 2014

Raquel Aispuro
Resident & Manager
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May 2014

Gabriel Arce
Communtiy Leader
619-829-1846
no email available

May 2014

Sonnenberg & Company, CPAs
A Professional Corporation
5190 Governor Drive, Suite 201, San Diego, California 92122
Phone: (858) 457-5352 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX
Leonard C. Sonnenberg, CPA

ATTACHMENT 3

CASA FAMILIAR, INC.
Audited Financial Statements
Year Ended June 30, 2014

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Sonnenberg & Company, CPAs
A Professional Corporation
5190 Governor Drive, Suite 201, San Diego, California 92122
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Leonard C. Sonnenberg, CPA

INDEPENDENT AUDITOR'S REPORT

(3)

To the Board of Directors of
Casa Familiar, Inc.

We have audited the accompanying statements of Casa Familiar, Inc. (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U. S. accounting principles generally accepted; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa Familiar, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Member: The American Institute of Certified Public Accountants and California Society of Certified Public Accountants

3

Report on Summarized Comparative Information

We have previously audited Casa Familiar Inc.'s June 2013 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional revenue and expenses on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

November 14, 2014

Sonnenberg & Company, CPAs

CASA FAMILIAR, INC.
Statement of Financial Position
June 30, 2014
(With Comparative Information for June 30, 2013)

	2014	2013
ASSETS		
Cash	$ 84,634	$ 466,594
Grants and contributions receivable (net of allowance of $30,000)	95,664	367,511
Recoverable grants receivable (net of allowance of $6,948)	6,948	6,948
Developer fee receivable	148,249	183,237
Other receivables	12,532	14,466
Prepaid expenses	30,701	52,765
Tenant security deposits	18,392	19,117
Operating and replacement reserves	63,716	65,732
Investments in housing partnerships	75,827	75,827
Top Hat Plan	10,000	10,000
Property and equipment		
Land	1,778,334	1,778,334
Building and building improvements	5,237,610	4,934,168
Construction in progress	1,220,297	1,180,599
Furniture and equipment	143,603	129,336
Less: Accumulated depreciation	(920,611)	(790,458)
Net property and equipment	7,459,233	7,231,979
TOTAL ASSETS	$ 8,005,896	$ 8,494,176
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 51,938	$ 84,163
Payroll and related liabilities	46,110	42,027
Tenant security deposits	18,392	19,117
Funds held in trust	-	7,135
Capital lease liability	39,682	-
Developer fee payable	81,838	102,780
Accrued interest payable	308,788	238,688
Mortgages payable	5,353,917	5,398,125
Notes payable for housing partnership interests	25,000	25,000
Top Hat Plan liability	10,000	10,000
TOTAL LIABILITIES	5,935,665	5,927,035
NET ASSETS		
Unrestricted		
Designated for new program development	300,000	300,000
Undesignated	1,595,895	1,708,337
Temporarily restricted	174,336	558,804
TOTAL NET ASSETS	2,070,231	2,567,141
TOTAL LIABILITIES AND NET ASSETS	$ 8,005,896	$ 8,494,176

The Accompanying Notes Are an Integral Part of These Financial Statements

CASA FAMILIAR, INC.
Statement of Activities
For the Year Ended June 30, 2014
(With Summarized Comparative Information for the Year Ended June 30, 2013)

3

	Unrestricted	Temporarily Restricted	2014 Totals	2013 Totals
SUPPORT AND REVENUE:				
Grants and contributions	$ 425,627	$ 86,559	$ 512,186	$ 552,459
Program service fees	214,627		214,627	216,962
In-kind donations - facilities	231,405		231,405	231,405
Fundraiser revenue	55,682	6,250	61,932	198,755
Management fees	131,325		131,325	134,523
Rental revenue	331,411		331,411	336,139
Tenant assistance payments	29,933		29,933	32,021
Housing partners	366,633		366,633	353,929
Subcontract revenue	-		-	30,399
Solar panel rebates	20,034		20,034	82,635
Laundry	7,042		7,042	4,458
Interest	3,197		3,197	3,581
Miscellaneous	84		84	7,586
Net assets released from restrictions:				
Satisfaction of program restrictions	477,277	(477,277)	-	-
Total support and revenue	2,294,277	(384,468)	1,909,809	2,184,852
EXPENSES:				
Program Services:				
Housing	589,632		589,632	636,658
Senior group home	42,019		42,019	43,165
Casa services	644,297		644,297	547,323
Arts division	239,309		239,309	165,737
Casey Foundation community services	-		-	112,387
National City properties	490,029		490,029	442,963
Other programs	44,056		44,056	59,773
Supporting services:				
Management and general	248,328		248,328	271,345
Fund-raising	109,049		109,049	103,231
Total expenses	2,406,719	-	2,406,719	2,382,581
Change in net assets	$ (112,442)	$ (384,468)	$ (496,910)	$ (197,729)
Net assets at beginning of year	2,008,337	558,804	2,567,141	2,764,870
Net assets at end of year	$ 1,895,895	$ 174,336	$ 2,070,231	$ 2,567,141

The Accompanying Notes Are an Integral Part of These Financial Statements

CASA FAMILIAR, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2014

(With Summarized Comparative Information for the Year Ended June 30, 2013)

	PROGRAM SERVICES							SUPPORTING SERVICES			
	Housing	Senior Group Home	Casa Services	Arts Division	National City Properties	Other Programs	Total Programs	Management and General	Fund-Raising	2014 Totals	2013 Totals
Payroll and related expenses											
Salaries and wages	$ 382,778	$ 28,388	$ 242,748	$ 124,381	$ 47,314	$	$ 825,609	$ 91,632	$ 33,120	$ 950,361	$ 1,047,306
Payroll taxes	31,430	2,331	19,932	10,213	3,885		67,791	7,528	2,719	78,038	69,789
Workers' comp insurance	14,733	1,093	9,343	4,787	1,821		31,778	3,527	1,275	36,579	18,798
Health insurance	32,781	2,431	20,789	10,652	4,052		70,705	7,848	2,836	81,390	85,542
Retirement	15,989	757	1,009	1,261	1,261		20,277	1,223	3,279	24,779	26,689
Total payroll and related expenses	477,711	35,000	293,821	151,294	58,333	-	1,016,160	111,758	43,230	1,171,147	1,248,124
Operating expenses											
Contracts	3,350		350	58,326	1,935	1,280	65,241	27,543		92,784	49,646
Bad debt			21,250				21,250			21,250	32,069
Maintenance supplies	1,795	36	6,014		4,643		12,488	3,392		15,880	11,593
Dues, subscriptions, filing fees	250				5,865		6,115	13,704		19,819	18,409
Utilities	14,388	1,854	2,478		21,985	194	40,899	7,196		48,095	51,282
Office equipment and supplies	12,890		30,876	1,142	442	108	45,458	14,969	1,982	62,409	33,122
Telephone, cable, internet	10,276		12,295		180	2,230	24,981	9,188		34,169	34,162
Property taxes	1,701	10	154		8,837		10,702	60		10,762	10,440
Management fees					19,325		19,325			19,325	19,325
Vehicles gas, maintenance and repair	40			225	1,512		1,777	7,694	75	9,546	11,044
Repairs and maintenance	3,569	50	1,000		15,401	60	20,080	9,020		29,100	13,819
Awards, grants and donations			8,300				8,300			8,300	20,214
Insurance	13,680	1,568	13,711		5,782		34,741	8,082	3,272	46,095	30,241
Interest	17,407		40,613		177,443		235,463	4,620		240,083	232,246
Residual receipts payment					39,621		39,621			39,621	15,049
Events				27,388			27,388		60,103	87,491	85,516
Depreciation and amortization	30,392	3,501	16,868	589	127,036	1,830	180,216	16,166		196,382	177,771
Conferences and meetings	88		37			136	261	2,334		2,595	8,516
Miscellaneous	2,095		2,843		1,689	500	7,127	5,758	387	13,272	21,219
Mileage and travel				345			345	6,844		7,189	27,370
Donated facilities			193,687			37,718	231,405			231,405	231,405
Total operating expenses	111,921	7,019	350,476	88,015	431,696	44,056	1,033,183	136,570	65,819	1,235,572	1,134,457
Total Expenses	$ 589,632	$ 42,019	$ 644,297	$ 239,309	$ 490,029	$ 44,056	$ 2,049,343	$ 248,328	$ 109,049	$ 2,406,719	$ 2,382,581

The Accompanying Notes Are an Integral Part of These Financial Statements

3

3

CASA FAMILIAR, INC.
Statement of Cash Flows
For the Year Ended June 30, 2014
(With Comparative Information for the Year Ended June 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (496,910)	$ (197,729)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	130,153	177,771
(Increase) Decrease in:		
Grants, contributions, and accounts receivable	308,769	(201,969)
Prepaid expenses and deposits	22,064	(2,946)
Cash restricted for tenant security deposits	725	1,150
Increase (Decrease) in:		
Accounts payable	(53,167)	61,361
Payroll and related liabilities	4,083	7,688
Accrued interest payable	70,100	70,100
Deposits from tenants	(725)	(1,150)
Funds held in trust	(7,135)	7,135
Net cash used by operating activities	(22,043)	(78,589)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction investing activities	(39,698)	(195,976)
Deposits to reserve accounts	2,016	(12,287)
Purchases of property and equipment	(272,047)	(23,549)
Net cash used by investing activities	(315,709)	(231,812)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under line of credit	170,000	-
Repayments of borrowings under line of credit	(170,000)	-
Repayments of mortgage principal	(44,207)	(41,348)
Principal payments on capital lease obligations	(5,980)	-
Net cash used by financing activities	(50,187)	(41,348)
Net decrease in cash	(381,959)	(351,749)
Cash at beginning of year	466,594	818,343
Cash at end of year	$ 84,634	$ 466,594
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Interest Paid	$ 223,808	$ 215,971
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment purchased through capital lease	$ 45,662	$ -

The Accompanying Notes Are an Integral Part of These Financial Statements

CASA FAMILIAR, INC.
Notes to Financial Statements
For the Year Ended June 30, 2014

Note 1. Organization

Casa Familiar, Inc. (Casa) is a nonprofit public benefit corporation organized in 1973 under the laws of the State of California. Casa provides community services through various programs including affordable housing in San Ysidro and National City, social services, counseling services, youth services through recreation centers and teen center, fitness center for the public, and a computer center providing training in computer usage applications and job training for students and job seekers. Casa is supported primarily from affordable housing related income, grants and contributions, service fees, and housing partnerships income.

Casa operates at the following locations:

- Senior Group Home and Social Services Center located at 119-121 West Hall Avenue
- A low income rental unit at 122 West Hall Avenue in San Ysidro
- Two recreation facilities are operated under lease from the City of San Diego at 212 West Park Avenue and 268 West Park Avenue in San Ysidro
- A Church at 114 West Hall Avenue and two apartment rental units at 114 ½ West Hall Avenue in San Ysidro
- A building, The Front, at 145-149 W. San Ysidro Blvd. in San Ysidro which includes art gallery, meetings and events space, and two apartment rental units
- A building at 249 Willow Rd in San Ysidro sublet to Episcopal Community Services for child care programs, including daycare and two apartment units used for transitional housing rent free
- Administrative offices, computer lab, social services, preschool and daycare in Villa Nueva Apartment building at 1901 Del Sur Blvd in San Ysidro
- Two apartment buildings at 1111 D Street and 1101-1119 E Street in National City with seventeen affordable units and one manager's unit operated as low and very low income housing for fifty five years
- An apartment building at 304 East 5th Street in National City with nine affordable units and one manager's unit operated as low and very low income housing for fifty five years
- Construction projects: affordable housing "Living Rooms at the Border" and senior housing "Los Abuelitos" in San Ysidro

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: Casa's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. To provide visibility for budgeted grant resources, revenue and expense accounts use sub accounts to identify revenues and expenses by program.

Basis of Presentation: Casa is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3

Note 2. Summary of Significant Accounting Policies (Continued)

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations. In 2006, the Board of Directors elected to designate $300,000 of the unrestricted funds (which includes proceeds from the Casitas project sale) for new program development.
Temporarily restricted net assets - net assets subject to donor imposed stipulations that may or will be met either by actions of Casa and/or the passage of time. Temporarily restricted net assets as of June 30, 2014 were $174,336.
Permanently restricted net assets - net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by the donors. Casa does not have any permanently restricted net assets as of June 30, 2014.

Contributions: Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Expenses are reported as decreases in unrestricted net assets.

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows, Casa considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Casa had no cash equivalents at June 30, 2014.

Fair Value Measurements: Accounting Standard Codification (ASC) 820 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical securities.
Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayments, spreads, credit risk, etc.).
Level 3: Significant unobservable inputs (including Casa's own assumptions in determining the fair value of investments).

The valuation of Casa's investment in housing partnerships according with the fair value hierarchy is Level 3.

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Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment: All acquisitions of property and equipment in excess of $1,000 are capitalized. Maintenance and repairs are expensed. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are generally five to seven years for furniture and equipment and forty years for buildings and building improvements.

Equipment acquired by Casa using grant funds is considered to be owned by Casa while used in the program for which it was purchased or in other authorized programs. However, the funding source has reversionary interest in the equipment, and its disposition.

Impairment of Long-lived Assets: Casa evaluates its investment in long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use or disposition of an asset are less than the carrying value, a write-down will be recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

Functional Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

Donated Materials and Services: Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Casa. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Casa generally pays for services requiring specific expertise.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. No amounts have been reflected in the financial statements for the risk of environmental liabilities associated with properties purchased for rehabilitation as low income housing units.

Comparative Financial Information: The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, it should be read in conjunction with Casa's financial statements for the year ended June 30, 2013 from which the summarized information was derived.

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Note 2. Summary of Significant Accounting Policies (Continued)

Date of Management Review: Casa's management has evaluated subsequent events through November 14, 2014, the date the financial statements were available to be issued. Management is not aware of any such subsequent events that would require adjustment to, or disclosures in, the financial statements.

Note 3. Income Taxes

Casa is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California State Revenue and Taxation Code. Casa may be subject to tax on income which is not related to its exempt purposes. No such unrelated business taxable income was reported for the year ended June 30, 2014. Casa qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as a public charity under Section 509(a)(1).

ASC 740-10-25, Income Taxes, prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of Casa has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. Casa's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

Note 4. Concentrations of Credit Risk

Casa maintains its cash balances in three financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At various times during the year there were balances in the bank that were over the FDIC limit. However, at June 30, 2014, Casa had no uninsured cash balances.

Concentrations of credit risk with respect to promises and accounts receivable are limited due to the large number of contributors and clients. As of June 30, 2014, Casa had no significant concentrations of credit risk related to accounts receivable. An allowance for uncollectible accounts has been recorded.

Note 5. Investment in Housing Partnerships, Note Payable, and Management Fees

At June 30, 2014, Casa had partnership agreements with seven different housing limited partnerships. All seven partnership agreements shall continue in full force and effect until December 31, 2025, except as noted in the partnership agreements. In the case of six partnerships, Casa has acquired a partnership interest as a "donation" without making any payment for the acquisition. For the remaining one partnership, Casa issued a note payable to the partners in the amount of $25,000, equal to the value of the partnership interest obtained as consideration for the investment. The investments were recorded at fair value at the time of acquisition.

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Note 5. Investment in Housing Partnerships, Note Payable, and Management Fees (Continued)

In the case of one partnership, Casa entered into a verbal agreement at inception of the partnership to serve as the partnership's contact point with the San Ysidro community, for which the partnership would build and give to Casa a childcare center built to existing State Regulations, for Casa's use or as a sublet leasehold to another group and that the apartment residents would get some priority in terms of use of this facility. The verbal agreement allowed Casa to conduct a transitional housing project on the property, contributed rent free two apartments of at least two bedrooms per unit, and should Casa acquire further monies to expand the transitional housing project the partnership would rent them to Casa at a reduced rate. No amounts for the donated center and rent free units have been reflected in the financial statements.

Casa acts as a managing General Partner for each of the partnerships. According to the partnership agreements, Casa, as a managing General Partner, is not liable for any debts, obligations, or negative cash flows of the partnerships. According to the partnership agreements, Casa is not liable in any way in the event of a judicial foreclosure, and the Administrative General Partners agree to indemnify and hold the managing General Partner harmless from any such claims and/or liabilities. However, it is not certain whether Casa, under the provisions of California General Partnership Law, can be exempted from any partnership liabilities as set forth in the partnership agreements.

Note 6. Casitas Project Recoverable Grants

Effective December 2004, Casa entered into agreements with five low-income home buyers to provide them with grants in order to allow them to be qualified for the purchase of homes from the Casitas Project. The total amount of all grants is $13,896 and has been disbursed. No interest will be charged and repayments are set to begin between 2010 and 2015, depending on income levels.

No payments were received as of June 30, 2014. If certain income levels have not been reached by 2015, the total grant is forgiven. Given the uncertainty of recovery, an allowance of 50% has been established for this account. As of June 30, 2014, $13,896 has been disbursed and is receivable, less an allowance of $6,948.

Note 7. Line of Credit

Casa has a line of credit agreement with Citibank. The credit limit is $100,000. The interest rate is the prime rate as published in The Wall Street Journal plus 4.75%. The rate was 8% during the year ended June 30, 2014 for a total interest expense on the balances outstanding during the year of $4,620. The funds borrowed were repaid prior to year end. There is no outstanding balance as of June 30, 2014.

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Note 8. Promissory Notes

The promissory notes for the properties Casa owns are as follows:

122 West Hall Avenue, San Ysidro

Loan a) $116,000 from California Bank & Trust signed in 2001, secured by the real property. On September 25, 2002, the promissory note was extended to September 29, 2017 payable at a rate of 7.74% subject to change based on changes in an independent index with the change not to occur more often than each five years. The interest rate was reduced to 3.88% on September 29, 2012. The balance at June 30, 2014 is $20,661.

145-149 W. San Ysidro Blvd., San Ysidro

Loan b) $420,000 from Wells Fargo bank signed in 2005, secured by the real property. The loan is payable at a fixed interest rate of 6.5% per annum for the term of ten years. The loan matures on October 15, 2015, at which time all unpaid principal, accrued interest, and any other unpaid amounts are due and payable in full. The principal balance at June 30, 2014 is $300,424.

Loan c) $426,000 from Wells Fargo bank signed in 2005, secured by the real property. The loan is payable at a fixed interest rate of 6.5% per annum for the term of ten years. The loan matures on October 15, 2015, at which time all unpaid principal, accrued interest, and any other unpaid amounts are due and payable in full. The principal balance at June 30, 2014 is $304,694.

Construction Projects "Los Abuelitos" and "Living Rooms at the Border", San Ysidro

Loan d) $1,085,000 from Planning and Art Resources for Communities, Inc. (PARC). The advances requested and received are as follows:

October 26, 2007	$	400,000
August 27, 2010		393,333
September 2, 2011		106,667
June 2, 2012		185,000
Total	$	1,085,000

The funds are being used for design and construction of the affordable housing for people in need and the elderly. According to the Amended Loan Agreement, the loan is payable in equal quarterly installments beginning January 1, 2015 and ending December 31, 2029. The loan bears no interest.

3

Note 8. Promissory Notes (Continued)

The Lender agreed to forgive $542,500 of the principal amount if, in the Lender's discretion, certain conditions are met. Of $542,500, $271,250 has been forgiven, and the balance will be forgiven upon substantial completion of both projects. Contribution revenue for the principal balances to be forgiven was recognized in the periods the funds were advanced. Another amendment to extend substantial completion deadline from January 30, 2015 to a later date for both projects is expected to be approved.

Because the loan bears no interest, when the loan proceeds were advanced, contribution revenue and a loan discount using 3% rate were recorded. The loan is reported in the statement of financial position net of unamortized discount. The discount on the loans is being amortized to interest expense over the life of the loan. Imputed interest expense of $16,275 was reported in the accompanying statement of activities for the year ended June 30, 2014.

1111 D Street and 1101-1119 E Street, National City: seventeen affordable units and one manager's unit were rehabilitated and operate as low and very low income housing for fifty-five years. Casa charges the project a fee of $900 per month for management services, which is reported as the project's management fee expense and Casa's management fee revenue. Also, a portion of Casa's payroll, insurance, office, and other expenses related to the project's operations is charged to the project.

Loan e) $1,016,000 from Healy Family Trust, the seller of the property, obtained in 2008. The note is secured by the real property and is payable to Wells Fargo bank at an interest rate of 5.50% per annum for the term of forty years. The principal balance as of June 30, 2014 is $1,004,324.

Loan f) $669,653 from the Community Development Commission of National City (CDC), secured by the real property. Permanent Financing Loan Agreement (Agreement) was signed on November 9, 2009. The note bears interest at 3%. Annually, on November 15th, Casa should calculate its residual receipts for the immediately previous fiscal year and pay to the CDC 19% of such residual receipts. The remaining unpaid principal and accrued interest are due in fifty-five years. No payments have been made for the year ended June 30, 2014. The residual receipts balance has been applied to the developer fee receivable (see below). The balances of principal and accrued interest at June 30, 2014 are $669,653 and $90,914 accordingly.

Loan g) $1,110,347 from CDC, signed in 2009, secured by the real property. This is a HUD HOME program loan. In accordance with the Agreement, the note bears interest at 3% simple interest per annum. Annually, on November 15, Casa should calculate its residual receipts for the immediately previous fiscal year and pay to the CDC 31% of such residual receipts. The remaining unpaid principal and accrued interest are due in fifty-five years. No payments have been made for the year ended June 30, 2014. The residual receipts balance has been applied to the developer fee receivable (see below). The balances of principal and accrued interest at June 30, 2014 are $1,110,347 and $150,743 accordingly.

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Note 8. Promissory Notes (Continued)

Per the Agreement, the property is also financed by deferral of $95,908 of the developer fee. The revenue, corresponding receivable from the City of National City and payable to the contractor were recorded upon completion of the rehabilitation in April 2011. No payments are expected to be received from the City of National City. The receivable is being reduced by the amount of residual receipts for the preceding year and increased by the interest accrued on the outstanding developer fee at an annual rate of 4.45%. As of June 30, 2014, developer fee receivable is $72,479.

Casa is required to set aside reserves for replacement is the amount $7,650 annually, subject to the revision upward as determined by CDC. The reserves should be maintained in a separate account and disbursements from this account may be made only after the written consent of CDC. The funds have been transferred as required.

304 East 5th Street, National City: nine affordable units and one manager's unit were rehabilitated and operate as low and very low income housing for fifty-five years. Casa charges the project a fee of $710 per month for management services, which is reported as the project's management fee expense and Casa's management fee revenue. In addition, a portion of Casa's payroll and related expenses, insurance, office, and other expenses related to the project's operations is charged to the project.

Loan h) $685,000 from Clearinghouse CDFI, secured by the property, at an interest rate of 7.5% per annum, maturing on August 1, 2018, at which time all unpaid principal, accrued interest, and any other unpaid amounts are due and payable in full. The principal balance at June 30, 2014 is 656,971.

Loan i) $835,000 from CDC, signed in October 2009. This is a HUD HOME program loan. In accordance with the Acquisition, Rehabilitation and Permanent Financing Loan Agreement the promissory note bears interest at 2% simple interest per annum. According to the Agreement, annually, on November 15, Casa should calculate its residual receipts for the immediately previous fiscal year and pay CDC 33% of residual receipts toward the loan principal. The remaining unpaid principal and accrued interest are due in fifty-five years. No payments have been made for the year ended June 30, 2014. The residual receipts balance has been applied to the developer fee receivable (see below). The balances of principal and accrued interest at June 30, 2014 are $835,000 and $67,131 accordingly.

The property is also financed by deferral of Casa's developer fee with the original amount of $93,750. The revenue, corresponding receivable from the City of National City and payable to the contractor were recorded upon completion of the rehabilitation in November 2011. No payments are expected to be received from the City of National City. The receivable is being reduced by the amount of residual receipts for the preceding year. As of June 30, 2014, developer fee receivable is $75,770.

After the completion of the rehabilitation of the project, Casa is required to set aside reserves for replacement of $4,250 annually, subject to the revision upward by CDC. The reserves should be maintained in a separate account and disbursements from this account may be made only after the written consent of CDC. The funds have been transferred as required.

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Note 8. Promissory Notes (Continued)

The debt maturing in the next five fiscal years plus remaining balances are as follows:

June 30,	Cal Bk & Trust (a)	Wells Fargo (b)	Wells Fargo (c)	PARC Foundation (d)	Wells Fargo (e)	Clearing house CFDI (h)	City of National City*	Total
2015	$ 10,093	$ 18,597	$ 18,864	$ 23,890	$ 2,871	$ 8,512	$	$ 82,826
2016	10,568	281,827	285,829	24,615	3,033	9,172		615,045
2017				25,362	3,204	9,885		38,450
2018				20,131	3,384	10,652		34,167
2019					3,575	618,751		622,326
Thereafter				357,845	988,258		2,615,000	3,961,103
Total	$ 20,661	$ 300,424	$ 304,694	$ 451,843	$ 1,004,324	$ 656,971	$ 2,615,000	$ 5,353,917

*	loan f) balance due	$ 669,653
	loan g) balance due	1,110,347
	loan i) balance due	835,000
		$ 2,615,000

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following:

	July 1, 2013	2014 Additions	2014 Released	June 30, 2014
D & E Properties*	$ 77,065	$	$ (31,848)	$ 45,217
Research Fellowship-The Andy Warhal Foundation	50,000		(50,000)	-
Book-The Ford Foundation	67,277		(67,277)	-
Casa Azteca-Citibank, Citi Foundation, SDGE	70,284	20,000	(50,814)	39,470
Los Abuelitos and Living Rooms at the Border-Wells Fargo Foundation, Citi Foundation	125,000	50,000	(102,360)	72,640
Kitchen upgrade-County of San Diego, Walmart	64,010		(64,010)	-
Creative Catalyst Program-The SD Foundation	20,000		(20,000)	-
Homeowner Education-Wells Fargo Foundation	5,000		(5,000)	-
Jack Walsh Renaissance Scholarship	0	16,559	(5,800)	10,759
ABRAZO Awards Gala	77,500	6,250	(77,500)	6,250
SD Cesar E. Chavez Commemoration Committee	2,668		(2,668)	-
Total	$ 558,804	$ 92,809	$ (477,277)	$ 174,336

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Note 9. Temporarily Restricted Net Assets (Continued)

*During the year ended June 30, 2009, Casa received a contribution in the amount of $250,000 from the sellers of the D & E Avenue property. This $250,000 contribution is a temporarily restricted net asset to be released over time annually in the amount equal to depreciation on the acquired properties. Depreciation on these properties was $31,848 for the year ended June 30, 2014.

Note 10. Lessor Donated Use of Facilities and Utilities

In November 1993, Casa entered into an operating lease agreement with the City of San Diego (the City) for the sole purpose of operating recreational and social services programs at a recreation center. The facilities were to be used to benefit the San Ysidro Community and the residents of the City and for such other related or incidental purposes as may first be approved in writing by the City Manager. The estimated fair market value of the donated rent and utilities for the year ended June 30, 2014 is $231,405.

Note 11. Lease Commitments

Casa leases the following equipment under operating lease agreements:

-a digital copier under a lease starting July 2010 for 63 months at a monthly base rate of $176;
-a digital copier under a lease starting September 2010 for 63 months at a monthly base rate of $125;

The future minimum annual lease payments under operating lease agreements are as follows:

June 30,	
2015	$ 3,744
2016	1,323
Total	$ 5,067

Casa leases a telephone system under a capital lease agreement. The phone system asset is recorded at the fair value of the asset and amortized over the term of the lease. Amortization of the telephone system is included in depreciation expense for the year ended June 30, 2014. Imputed interest rate of 11% is the lessor's implicit rate of return. The following is a summary of the asset held under the capital lease agreement:

Phone system	$ 45,662
Accumulated amortization	(7,610)
Net	$ 38,052

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Note 11. Lease Commitments (continued)

Minimum future lease payments under the capital lease as of June 30, 2014 are as follows:

June 30,	
2015	$ 11,922
2016	11,922
2017	11,922
2018	11,922
2019	1,987
Net minimum lease payments	49,674
Amount representing interest	(9,992)
Present value of net minimum lease payments	$ 39,682

Note 12. Employee Benefit Plans

Casa maintains a "Cafeteria Plan" for the benefit of its employees. The plan allows employees working at least 20 hours per week to pay medical, dental, accident, and sickness benefits insurance on a pre-tax basis.

Casa also maintains a Tax Sheltered Annuity retirement plan with a SIMPLE individual retirement plan under section 408(p) of the Internal Revenue Code. This is a tax deferred retirement plan, under which Casa matches eligible employee contributions up to 3% of the employee's salary. Employer contributions totaled $24,779 for the fiscal year ended June 30, 2014.

Effective November 2010, Casa adopted a 457(b) Non-Qualified Deferred Compensation Top Hat Plan (Plan). The Plan is a supplemental executive retirement plan available to Casa's key executives. No contributions to the Plan were made for the fiscal year ended June 30, 2014.

Note 13. Related Parties

Two officer employees of the entity that are married work at different sites of the entity. There are no related party transactions for these two individuals.

Note 14. Operating Loss

Casa incurred operating loss for the years ended June 30, 2014 and June 30, 2013 totaling $496,910 and $197,735 accordingly. Subsequent to the fiscal year end, Casa reduced operating expenses by reducing the work hours for all the employees. Additionally, Casa's Executive Director contributes her services to Casa without being compensated during the period July 1, 2014 through December 31, 2014.

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SUPPLEMENTARY INFORMATION

CASA FAMILIAR, INC.
Schedule of Functional Revenue and Expenses
For the Year Ended June 30, 2014
(With Summarized Comparative Information for the Year Ended June 30, 2013)

	PROGRAM SERVICES							SUPPORTING SERVICES			
	Housing	Senior Group Home	Casa Services	Arts Division	National City Properties	Other Programs	Total Programs	Management and General	Fund-Raising	2014 Totals	2013 Totals
REVENUE:											
Grants and contributions	$ 50,000	$	$ 392,671	$ 24,269	$	$	$ 466,940	$ 45,246	$	$ 512,186	$ 552,459
Program service fees			214,627				214,627			214,627	216,962
In-kind donations - facilities			193,687			37,718	231,405			231,405	231,405
Fundraiser revenue							-		61,932	61,932	198,755
Management fees	131,325						131,325			131,325	134,523
Rental revenue (net of vacancies)	75,918	17,350			238,143		331,411			331,411	336,139
Tenant assistance payments					29,933		29,933			29,933	32,021
Housing partners	366,633						366,633			366,633	353,929
Subcontract revenue							-			-	30,399
Solar panel rebates	20,034						20,034			20,034	82,635
Laundry					7,042		7,042			7,042	4,458
Interest	3,172				2		3,174	23		3,197	3,581
Miscellaneous							-	84		84	7,586
Total revenue	647,082	17,350	800,985	24,269	275,120	37,718	1,802,524	45,353	61,932	1,909,809	2,184,852
EXPENSES:											
Payroll and related expenses											
Salaries and wages	$ 382,778	$ 28,388	$ 242,748	$ 124,381	$ 47,314	$	$ 825,609	$ 91,632	$ 33,120	$ 950,361	$ 1,047,306
Payroll taxes	31,430	2,331	19,932	10,213	3,885		67,791	7,528	2,719	78,038	69,789
Workers' comp insurance	14,733	1,093	9,343	4,787	1,821		31,778	3,527	1,275	36,579	18,798
Health insurance	32,781	2,431	20,789	10,652	4,052		70,705	7,848	2,836	81,390	85,542
Retirement	15,989	757	1,009	1,261	1,261		20,277	1,223	3,279	24,779	26,689
Total payroll and related expenses	477,711	35,000	293,821	151,294	58,333	-	1,016,160	111,758	43,230	1,171,147	1,248,124
Operating expenses											
Contracts	3,350		350	58,326	1,935	1,280	65,241	27,543		92,784	49,646
Bad debt			21,250				21,250			21,250	32,069
Maintenance supplies	1,795	36	6,014		4,643		12,488	3,392		15,880	11,593
Dues, subscriptions, filing fees	250				5,865		6,115	13,704		19,819	18,409
Utilities	14,388	1,854	2,478		21,985	194	40,899	7,196		48,095	51,282
Office equipment and supplies	12,890		30,876	1,142	442	108	45,458	14,969	1,982	62,409	33,122
Telephone, cable, internet	10,276		12,295		180	2,230	24,981	9,188		34,169	34,162
Property taxes	1,701	10	154		8,837		10,702	60		10,762	10,440
Management fees					19,325		19,325			19,325	19,325
Vehicles gas, maintenance and repair	40			225	1,512		1,777	7,694	75	9,546	11,044
Repairs and maintenance	3,569	50	1,000		15,401	60	20,080	9,020		29,100	13,819
Awards, grants and donations			8,300				8,300			8,300	20,214
Insurance	13,680	1,568	13,711		5,782		34,741	8,082	3,272	46,095	30,241
Interest	17,407		40,613		177,443		235,463	4,620		240,083	232,246
Residual receipts payments					39,621		39,621			39,621	15,049
Events				27,388			27,388		60,103	87,491	85,516
Depreciation and amortization	30,392	3,501	16,868	589	127,036	1,830	180,216	16,166		196,382	177,771
Conferences and meetings	88		37			136	261	2,334		2,595	8,516
Miscellaneous	2,095		2,843		1,689	500	7,127	5,758	387	13,272	21,219
Mileage and travel				345			345	6,844		7,189	27,370
Donated facilities			193,687			37,718	231,405			231,405	231,405
Total operating expenses	111,921	7,019	350,476	88,015	431,696	44,056	1,033,183	136,570	65,819	1,235,572	1,134,457
Total expenses	$ 589,632	$ 42,019	$ 644,297	$ 239,309	$ 490,029	$ 44,056	$ 2,049,343	$ 248,328	$ 109,049	$ 2,406,719	$ 2,382,581
CHANGE IN NET ASSETS:	$ 57,450	$ (24,669)	$ 156,688	$ (215,040)	$ (214,909)	$ (6,338)	$ (246,819)	$ (202,975)	$ (47,117)	$ (496,910)	$ (197,729)

See Auditor's Report

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Leonard C. Sonnenberg, CPA

ATTACHMENT (4)

CASA FAMILIAR, INC.
Audited Financial Statements
Year Ended June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

(4)

To the Board of Directors of
Casa Familiar, Inc.

We have audited the accompanying statements of Casa Familiar, Inc. (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U. S. accounting principles generally accepted; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa Familiar, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Member: The American Institute of Certified Public Accountants and California Society of Certified Public Accountants

Report on Summarized Comparative Information

We have previously audited Casa Familiar Inc.'s June 2014 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional revenue and expenses on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

November 16, 2015

Sonnenberg & Company, CPAs

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CASA FAMILIAR, INC.
Statement of Financial Position
June 30, 2015
(With Comparative Information for June 30, 2014)

	2015	2014
ASSETS		
Cash	$ 311,591	$ 84,634
Grants and contributions receivable (net of allowance of $30,000)	181,000	95,664
Recoverable grants receivable (net of allowance of $6,948)	6,948	6,948
Developer fee receivable	135,961	148,249
Other receivables	8,045	12,532
Prepaid expenses	25,738	30,701
Tenant security deposits	16,832	18,392
Operating and replacement reserves	65,217	63,716
Investments in housing partnerships	75,726	75,827
Top Hat Plan	17,000	10,000
Property and equipment		
Land	1,778,334	1,778,334
Building and building improvements	5,237,610	5,237,610
Construction in progress	1,224,535	1,220,297
Furniture and equipment	159,603	143,603
Less: Accumulated depreciation	(1,128,078)	(920,611)
Net property and equipment	7,272,004	7,459,233
TOTAL ASSETS	$ 8,116,062	$ 8,005,896
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 36,754	$ 51,938
Payroll and related liabilities	46,511	46,110
Funds held in trust	16,832	18,392
Line of credit	83,000	-
Capital lease liability	46,145	39,682
Developer fee payable	73,879	81,838
Accrued interest payable	378,888	308,788
Mortgages payable	5,298,495	5,353,917
Notes payable for housing partnership interests	25,000	25,000
Top Hat Plan liability	17,000	10,000
TOTAL LIABILITIES	6,022,504	5,935,665
NET ASSETS		
Unrestricted		
Designated for new program development	300,000	300,000
Undesignated	1,574,077	1,595,895
Temporarily restricted	219,481	174,336
TOTAL NET ASSETS	2,093,558	2,070,231
TOTAL LIABILITIES AND NET ASSETS	$ 8,116,062	$ 8,005,896

The Accompanying Notes Are an Integral Part of These Financial Statements

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CASA FAMILIAR, INC.
Statement of Activities
For the Year Ended June 30, 2015
(With Summarized Comparative Information for the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	2015 Totals	2014 Totals
SUPPORT AND REVENUE:				
Grants and contributions	$ 441,313	$ 249,947	$ 691,260	$ 512,186
Program service fees	207,698		207,698	214,627
In-kind donations - facilities	231,405		231,405	231,405
Fundraiser revenue	94,742		94,742	61,932
Management fees	137,433		137,433	131,325
Rental revenue	323,537		323,537	331,411
Tenant assistance payments	33,663		33,663	29,933
Housing partners	453,658		453,658	366,633
Subcontract revenue	29,319		29,319	-
Solar panel rebates			-	20,034
Laundry	4,188		4,188	7,042
Interest	3,317		3,317	3,197
Miscellaneous	5,244		5,244	84
Net assets released from restrictions:				
Satisfaction of program restrictions	204,802	(204,802)	-	-
Total support and revenue	2,170,319	45,145	2,215,464	1,909,809
EXPENSES:				
Program Services:				
Housing	431,491		431,491	589,632
Senior group home	15,619		15,619	42,019
Casa services	828,254		828,254	614,297
Arts division	41,305		41,305	239,309
National City properties	418,384		418,384	490,029
Other programs	130,584		130,584	74,056
Supporting services:				
Management and general	228,857		228,857	248,328
Fund-raising	97,541		97,541	109,049
Total expenses	2,192,036	-	2,192,036	2,406,719
Change in net assets	$ (21,717)	$ 45,145	$ 23,428	$ (496,910)
Net assets at beginning of year	1,895,895	174,336	2,070,231	2,567,141
Withdrawal from Partnership	(101)		(101)	-
Net assets at end of year	$ 1,874,077	$ 219,481	$ 2,093,558	$ 2,070,231

The Accompanying Notes Are an Integral Part of These Financial Statements

CASA FAMILIAR, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2015

(With Summarized Comparative Information for the Year Ended June 30, 2014)

	PROGRAM SERVICES							SUPPORTING SERVICES			
	Housing	Senior Group Home	Casa Services	Arts Division	National City Properties	Other Programs	Total Programs	Management and General	Fund-Raising	2015 Totals	2014 Totals
Payroll and related expenses											
Salaries and wages	$ 253,261	$ 6,953	$ 268,648	$ 21,645	$ 14,669	$ 52,939	$ 618,115	$ 59,448	$ 6,829	$ 684,392	$ 950,361
Payroll taxes	22,177	609	23,524	1,895	1,284	4,636	54,125	5,205	598	59,928	78,038
Workers' comp insurance	12,214	335	12,956	1,044	707	2,553	29,810	2,867	329	33,006	36,579
Health insurance	24,688	678	26,188	2,110	1,430	5,160	60,253	5,795	666	66,714	81,390
Retirement	12,076	538	718	897	862	6,500	21,591	3,305	633	25,529	24,779
Total payroll and related expenses	324,415	9,113	332,033	27,591	18,953	71,788	783,894	76,620	9,055	869,569	1,171,147
Operating expenses											
Contracts	2,062		4,725		515	600	7,902	34,837	6,700	49,439	38,784
Bad debt			917				917		18,500	19,417	21,250
Maintenance supplies					7,667		7,667	3,130		10,797	15,880
Dues, subscriptions, filing & loan fees	4,350				10,713		15,063	7,690		22,753	19,819
Utilities	14,630	1,898	4,390		20,456	2,169	43,563	8,069		51,632	48,095
Office equipment and supplies	10,204		10,963	90	2,166	2,847	26,270	12,295	789	39,354	62,409
Telephone, cable, internet	10,238		12,524		150	2,499	25,411	9,091		34,502	34,169
Program	735		179,838	375		10,677	191,625			191,625	61,739
Property taxes	1,559	9	27		8,837	4	10,436	2,457		12,893	10,762
Management fees					19,325		19,325			19,325	19,325
Vehicles gas, maintenance and repair			90		720	65	875	7,681		8,556	9,546
Repairs and maintenance	1,200				10,855	388	12,443	13,094		25,537	29,100
Awards, grants and donations			4,000				4,000	6,377		10,377	8,300
Insurance	12,724	1,098	10,156	141	5,096		29,215	8,731	1,830	39,776	46,095
Interest	16,275		38,760		168,622		223,657	3,554		227,211	240,083
Residual receipts payment					17,130		17,130			17,130	39,621
Events			17,199	9,788			26,987		60,493	87,480	87,491
Depreciation and amortization	32,735	3,501	16,868	589	125,009	1,829	180,531	26,935		207,466	196,382
Conferences and meetings	94			31			125	3,628	51	3,804	2,595
Miscellaneous	250		897	2,700	2,170		6,017	4,081	123	10,221	5,533
Mileage and travel			1,180				1,180	587		1,767	7,189
Donated facilities			193,687			37,718	231,405			231,405	231,405
Total operating expenses	107,076	6,506	496,221	13,714	399,431	58,796	1,081,744	152,237	88,486	1,322,467	1,235,572
Total Expenses	$ 431,491	$ 15,619	$ 828,254	$ 41,305	$ 418,384	$ 130,584	$ 1,865,638	$ 228,857	$ 97,541	$ 2,192,036	$ 2,406,719

The Accompanying Notes Are an Integral Part of These Financial Statements

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CASA FAMILIAR, INC.
Statement of Cash Flows
For the Year Ended June 30, 2015
(With Comparative Information for the Year Ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 23,428	$ (496,910)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	207,467	130,153
(Increase) Decrease in:		
Grants, contributions, and accounts receivable	(68,561)	308,769
Prepaid expenses and deposits	4,963	22,064
Cash restricted for tenant security deposits	1,560	725
Top Hat Plan asset	(7,000)	-
Increase (Decrease) in:		
Accounts payable	(23,143)	(53,167)
Payroll and related liabilities	401	4,083
Accrued interest payable	70,100	70,100
Deposits from tenants	(1,560)	(725)
Funds held in trust	-	(7,135)
Top Hat Plan liability	7,000	-
Net cash provided (used) by operating activities	214,655	(22,043)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction investing activities	(4,238)	(39,698)
Deposits to reserve accounts	(1,501)	2,016
Purchases of property and equipment	(16,000)	(272,047)
Net cash used by investing activities	(21,739)	(309,729)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under line of credit	183,000	170,000
Repayments of borrowings under line of credit	(100,000)	(170,000)
Repayments of mortgage principal	(55,422)	(44,208)
Principal payments on capital lease obligations	6,463	(5,980)
Net cash provided (used) by financing activities	34,041	(50,188)
Net increase in cash	226,957	(381,960)
Cash at beginning of year	84,634	466,594
Cash at end of year	$ 311,591	$ 84,634
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Cash paid for interest	$ 140,836	$ 153,708
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment purchased through capital lease	$ 16,000	$ 45,662

The Accompanying Notes Are an Integral Part of These Financial Statements

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Note 1. Organization

Casa Familiar, Inc. (Casa) is a nonprofit public benefit corporation organized in 1973 under the laws of the State of California. Casa provides community services through various programs including affordable housing in San Ysidro and National City, social services, counseling services, youth services through recreation centers and teen center, fitness center for the public, and a computer center providing training in computer usage applications and job training for students and job seekers. Casa is supported primarily from affordable housing related income, grants and contributions, service fees, and housing partnerships income.

Casa operates at the following locations:

- Senior Group Home and Social Services Center located at 119-121 West Hall Avenue
- A low income rental unit at 122 West Hall Avenue in San Ysidro
- Two recreation facilities are operated under lease from the City of San Diego at 212 West Park Avenue and 268 West Park Avenue in San Ysidro
- A Church at 114 West Hall Avenue and two apartment rental units at 114 ½ West Hall Avenue in San Ysidro
- A building, The Front, at 145-149 W. San Ysidro Blvd. in San Ysidro which includes art gallery, meetings and events space, and two apartment rental units
- A building at 249 Willow Rd in San Ysidro sublet to Episcopal Community Services for child care programs, including daycare and two apartment units used for transitional housing rent free
- Administrative offices, computer lab, social services, preschool and daycare in Villa Nueva Apartment building at 1901 Del Sur Blvd in San Ysidro
- Two apartment buildings at 1111 D Street and 1101-1119 E Street in National City with seventeen affordable units and one manager's unit operated as low and very low income housing for fifty five years
- An apartment building at 304 East 5th Street in National City with nine affordable units and one manager's unit operated as low and very low income housing for fifty five years
- Construction projects: affordable housing "Living Rooms at the Border" and senior housing "Los Abuelitos" in San Ysidro

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: Casa's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. To provide visibility for budgeted grant resources, revenue and expense accounts use sub accounts to identify revenues and expenses by program.

Basis of Presentation: Casa is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CASA FAMILIAR, INC.
Notes to Financial Statements
For the Year Ended June 30, 2015

Note 2. Summary of Significant Accounting Policies (Continued)

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations. In 2006, the Board of Directors elected to designate $300,000 of the unrestricted funds (which includes proceeds from the Casitas project sale) for new program development.
Temporarily restricted net assets - net assets subject to donor imposed stipulations that may or will be met either by actions of Casa and/or the passage of time.
Permanently restricted net assets - net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by the donors. Casa does not have any permanently restricted net assets as of June 30, 2015.

Contributions: Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Expenses are reported as decreases in unrestricted net assets.

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows, Casa considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Casa had no cash equivalents at June 30, 2015.

Fair Value Measurements: Casa measures fair value at the price that would be received upon sale of an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.
Level 2: Unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
Level 3: Significant unobservable inputs for the asset or liability.

The valuation of Casa's investment in housing partnerships according with the fair value hierarchy is Level 3.

CASA FAMILIAR, INC.
Notes to Financial Statements
For the Year Ended June 30, 2015

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment: All acquisitions of property and equipment in excess of $1,000 are capitalized. Maintenance and repairs are expensed. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are generally five to seven years for furniture and equipment and forty years for buildings and building improvements.

Equipment acquired by Casa using grant funds is considered to be owned by Casa while used in the program for which it was purchased or in other authorized programs. However, the funding source has reversionary interest in the equipment, and its disposition.

Impairment of Long-lived Assets: Casa evaluates its investment in long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use or disposition of an asset are less than the carrying value, a write-down will be recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

Functional Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

Donated Materials and Services: Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Casa. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Casa generally pays for services requiring specific expertise.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. No amounts have been reflected in the financial statements for the risk of environmental liabilities associated with properties purchased for rehabilitation as low income housing units.

Comparative Financial Information: The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, it should be read in conjunction with Casa's financial statements for the year ended June 30, 2014 from which the summarized information was derived.

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Note 3. Income Taxes

Casa is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California State Revenue and Taxation Code. Casa may be subject to tax on income which is not related to its exempt purposes. No such unrelated business taxable income was reported for the year ended June 30, 2015. Casa qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as a public charity under Section 509(a)(1).

Management of Casa has evaluated its tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. Casa's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

Note 4. Concentrations of Credit Risk

Casa maintains its cash balances in three financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At various times during the year there were balances in the bank that were over the FDIC limit. At June 30, 2015, Casa had no uninsured cash balances.

Concentrations of credit risk with respect to promises and accounts receivable are limited due to the large number of contributors and clients. As of June 30, 2015, Casa had no significant concentrations of credit risk related to accounts receivable. An allowance for uncollectible accounts has been recorded.

Note 5. Investment in Housing Partnerships, Note Payable, and Management Fees

At June 30, 2015, Casa had partnership agreements with six different housing limited partnerships. During the year ended June 30, 2015 Casa withdrew from one of the partnerships. All six partnership agreements shall continue in full force and effect until December 31, 2025, except as noted in the partnership agreements. In the case of five partnerships, Casa has acquired a partnership interest as a "donation" without making any payment for the acquisition. For the remaining one partnership, Casa issued a note payable to the partners in the amount of $25,000, equal to the value of the partnership interest obtained as consideration for the investment. The investments were recorded at fair value at the time of acquisition.

In the case of one partnership, Casa entered into a verbal agreement at inception of the partnership to serve as the partnership's contact point with the San Ysidro community, for which the partnership would build and give to Casa a childcare center built to existing State Regulations, for Casa's use or as a sublet leasehold to another group and that the apartment residents would get some priority in terms of use of this facility. The verbal agreement allowed Casa to conduct a transitional housing project on the property, contributed rent free two apartments of at least two bedrooms per unit, and should Casa acquire further monies to expand the transitional housing project the partnership would rent them to Casa at a reduced rate. No amounts for the donated center and rent free units have been recorded.

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Note 5. Investment in Housing Partnerships, Note Payable, and Management Fees (Continued)

Casa acts as a managing General Partner for each of the partnerships. According to the partnership agreements, Casa, as a managing General Partner, is not liable for any debts, obligations, or negative cash flows of the partnerships. According to the partnership agreements, Casa is not liable in any way in the event of a judicial foreclosure, and the Administrative General Partners agree to indemnify and hold the managing General Partner harmless from any such claims and/or liabilities. However, it is not certain whether Casa, under the provisions of California General Partnership Law, can be exempted from any partnership liabilities as set forth in the partnership agreements.

Note 6. Casitas Project Recoverable Grants

Effective December 2004, Casa entered into agreements with five low-income home buyers to provide them with grants in order to allow them to be qualified for the purchase of homes from the Casitas Project. The total amount of all grants is $13,896 and has been disbursed. No interest will be charged and repayments are set to begin between 2010 and 2015, depending on income levels.

No payments were received as of June 30, 2015. If certain income levels have not been reached by 2015, the total grant is forgiven. Given the uncertainty of recovery, an allowance of 50% has been established for this account. As of June 30, 2015, $13,896 has been disbursed and is receivable, less an allowance of $6,948. Subsequent to the year end, Casa's Board of Directors voted to forgive the unpaid grant balances.

Note 7. Line of Credit

Casa has a line of credit agreement with Citibank. The credit limit is $100,000. The interest rate is the prime rate as published in The Wall Street Journal plus 4.75%. The rate was 8% during the year ended June 30, 2015. As of June 30, 2015, the outstanding loan balance is $83,000. A total of $3,554 was paid in interest for the year ended June 30, 2015.

Note 8. Promissory Notes

The promissory notes for the properties Casa owns are as follows:

122 West Hall Avenue, San Ysidro

Loan a) $116,000 from California Bank & Trust signed in 2001, secured by the real property. On September 25, 2002, the promissory note was extended to September 29, 2017 payable at a rate of 7.74% subject to change based on changes in an independent index with the change not to occur more often than each five years. The interest rate was reduced to 3.88% on September 29, 2012. The balance at June 30, 2015 is $3,061.

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Note 8. Promissory Notes (Continued)

145-149 W. San Ysidro Blvd., San Ysidro

Loan b) $420,000 from Wells Fargo bank signed in 2005, secured by the real property. The loan is payable at a fixed interest rate of 6.5% per annum for the term of ten years. The loan matures on October 15, 2015, at which time all unpaid principal, accrued interest, and any other unpaid amounts are due and payable in full. The principal balance at June 30, 2015 is $281,839. The loan was refinanced subsequent to the year end (see Note 14).

Loan c) $426,000 from Wells Fargo bank signed in 2005, secured by the real property. The loan is payable at a fixed interest rate of 6.5% per annum for the term of ten years. The loan matures on October 15, 2015, at which time all unpaid principal, accrued interest, and any other unpaid amounts are due and payable in full. The principal balance at June 30, 2015 is $285,841. The loan was refinanced subsequent to the year end (see Note 14).

Construction Projects "Los Abuelitos" and "Living Rooms at the Border", San Ysidro

Loan d) $1,085,000 from Planning and Art Resources for Communities, Inc. (PARC). The advances requested and received are as follows:

October 26, 2007	$	400,000
August 27, 2010		393,333
September 2, 2011		106,667
June 2, 2012		185,000
Total	$	1,085,000

The funds are being used for design and construction of the affordable housing for people in need and the elderly. According to the Amended Loan Agreement, the loan is payable in equal quarterly installments beginning July 1, 2016 and ending June 30, 2030. The loan bears no interest.

The Lender agreed to forgive $542,500 of the principal amount if, in the Lender's discretion, certain conditions are met. Of $542,500, $271,250 has been forgiven, and the balance will be forgiven upon substantial completion of both projects. Contribution revenue for the principal balances to be forgiven was recognized in the periods the funds were advanced. An amendment to extend substantial completion deadline to November 1, 2017 was approved subsequent to the year end.

Because the loan bears no interest, when the loan proceeds were advanced, contribution revenue and a loan discount using 3% rate were recorded. The loan is reported in the statement of financial position net of unamortized discount. The discount on the loans is being amortized to interest expense over the life of the loan. Imputed interest expense of $16,275 was reported in the accompanying statement of activities for the year ended June 30, 2015.

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Note 8. Promissory Notes (Continued)

1111 D Street and 1101-1119 E Street, National City: seventeen affordable units and one manager's unit were rehabilitated and operate as low and very low income housing for fifty-five years. Casa charges the project a fee of $900 per month for management services, which is reported as the project's management fee expense and Casa's management fee revenue. Also, a portion of Casa's payroll, insurance, office, and other expenses related to the project's operations is charged to the project.

Loan e) $1,016,000 from Healy Family Trust, the seller of the property, obtained in 2008. The note is secured by the real property and is payable to Wells Fargo bank at an interest rate of 5.50% per annum for the term of forty years. The principal balance as of June 30, 2015 is $999,743.

Loan f) $669,653 from the Community Development Commission of National City (CDC), secured by the real property. Permanent Financing Loan Agreement (Agreement) was signed on November 9, 2009. The note bears interest at 3%. Annually, on November 15th, Casa should calculate its residual receipts for the immediately previous fiscal year and pay to the CDC 19% of such residual receipts. The remaining unpaid principal and accrued interest are due in fifty-five years. No payments have been made for the year ended June 30, 2014. The residual receipts balance has been applied to the developer fee receivable. The balances of principal and accrued interest at June 30, 2015 are $669,653 and $111,004 accordingly.

Loan g) $1,110,347 from CDC, signed in 2009, secured by the real property. This is a HUD HOME program loan. In accordance with the Agreement, the note bears interest at 3% simple interest per annum. Annually, on November 15, Casa should calculate its residual receipts for the immediately previous fiscal year and pay to the CDC 31% of such residual receipts. The remaining unpaid principal and accrued interest are due in fifty-five years. No payments have been made for the year ended June 30, 2015. The residual receipts balance has been applied to the developer fee receivable. The balances of principal and accrued interest at June 30, 2015 are $1,110,347 and $184,053 accordingly.

Per the Agreement, the property is also financed by deferral of $95,908 of the developer fee. The revenue, corresponding receivable from the City of National City and payable to the contractor were recorded upon completion of the rehabilitation in April 2011. No payments are expected to be received from the City of National City. The receivable is being reduced by the amount of residual receipts for the preceding year and increased by the interest accrued on the outstanding developer fee at an annual rate of 4.45%. As of June 30, 2015, developer fee receivable is $62,986.

Casa is required to set aside reserves for replacement is the amount $7,650 annually, subject to the revision upward as determined by CDC. The reserves should be maintained in a separate account and disbursements from this account may be made only after the written consent of CDC. The funds have been transferred subsequent to the fiscal year end.

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Note 8. Promissory Notes (Continued)

304 East 5th Street, National City: nine affordable units and one manager's unit were rehabilitated and operate as low and very low income housing for fifty-five years. Casa charges the project a fee of $710 per month for management services, which is reported as the project's management fee expense and Casa's management fee revenue. In addition, a portion of Casa's payroll and related expenses, insurance, office, and other expenses related to the project's operations is charged to the project.

Loan h) $685,000 from Clearinghouse CDFI, secured by the property, at an interest rate of 7.5% per annum, maturing on August 1, 2018, at which time all unpaid principal, accrued interest, and any other unpaid amounts are due and payable in full. The principal balance at June 30, 2015 is $644,893. The loan was refinanced subsequent to the year end (see Note 14).

Loan i) $835,000 from CDC, signed in October 2009. This is a HUD HOME program loan. In accordance with the Acquisition, Rehabilitation and Permanent Financing Loan Agreement the promissory note bears interest at 2% simple interest per annum. According to the Agreement, annually, on November 15, Casa should calculate its residual receipts for the immediately previous fiscal year and pay CDC 33% of residual receipts toward the loan principal. The remaining unpaid principal and accrued interest are due in fifty-five years. No payments have been made for the year ended June 30, 2014. The residual receipts balance has been applied to the developer fee receivable (see below). The balances of principal and accrued interest at June 30, 2015 are $835,000 and $83,831 accordingly.

The property is also financed by deferral of Casa's developer fee with the original amount of $93,750. The revenue, corresponding receivable from the City of National City and payable to the contractor were recorded upon completion of the rehabilitation in November 2011. No payments are expected to be received from the City of National City. The receivable is being reduced by the amount of residual receipts for the preceding year. As of June 30, 2015, developer fee receivable is $72,975.

Casa is required to set aside reserves for replacement of $4,250 annually, subject to the revision upward by CDC. The reserves should be maintained in a separate account and disbursements from this account may be made only after the written consent of CDC. The funds have been transferred subsequent to the fiscal year end.

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Note 8. Promissory Notes (Continued)

The debt maturing in the next five fiscal years plus remaining balances are as follows:

June 30,	Cal Bk & Trust (a)	Wells Fargo (b)	Wells Fargo (c)	PARC Foundation (d)	Wells Fargo (e)	Clearing house CFDI (h)	City of National City*	Total
2016	$ 3,061	$ 281,839	$ 285,841	$	$ 3,033	$ 9,172	$	$ 582,945
2017				25,107	3,204	9,885		38,195
2018				25,868	3,384	10,652		39,904
2019				26,653	3,575	615,185		645,413
2020				27,462	3,777			31,239
Thereafter				363,028	982,771		2,615,000	3,960,799
Total	$ 3,061	$ 281,839	$ 285,841	$ 468,118	$ 999,743	$ 644,893	$ 2,615,000	$ 5,298,495

*	loan f) balance due	$ 669,653
	loan g) balance due	1,110,347
	loan i) balance due	835,000
		$ 2,615,000

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following:

	July 1, 2014	2014 Additions	2014 Released	June 30, 2015
D & E Properties*	$ 45,217	$	$ (31,848)	$ 13,369
Casa Azteca-Citibank, Citi Foundation, SDGE	39,470	50,000	(79,470)	10,000
Los Abuelitos and Living Rooms at the Border-Wells Fargo Foundation, Citi Foundation	72,640	50,000	(50,601)	72,039
Los Ninos Park-County of San Diego		68,697		68,697
STEAM-SDG&E, Cox Communications		55,000	(28,750)	26,250
Jack Walsh Renaissance Scholarship	10,759	1,250	(2,000)	10,009
ABRAZO Awards Gala	6,250		(6,250)	-
Job Training-Walmart	-	25,000	(5,883)	19,117
Total	$ 174,336	$ 249,947	$ (204,802)	$ 219,481

*During the year ended June 30, 2009, Casa received a contribution in the amount of $250,000 from the sellers of the D & E Avenue property. This $250,000 contribution is a temporarily restricted net asset to be released over time annually in the amount equal to depreciation on the acquired properties. Depreciation on these properties was $31,848 for the year ended June 30, 2015.

CASA FAMILIAR, INC.
Notes to Financial Statements
For the Year Ended June 30, 2015

Note 10. Lessor Donated Use of Facilities and Utilities

In November 1993, Casa entered into an operating lease agreement with the City of San Diego (the City) for the sole purpose of operating recreational and social services programs at a recreation center. The facilities were to be used to benefit the San Ysidro Community and the residents of the City and for such other related or incidental purposes as may first be approved in writing by the City Manager. The estimated fair market value of the donated rent and utilities for the year ended June 30, 2015 is $231,405.

Note 11. Capital Leases

Casa leases a telephone system under a capital lease agreement. The phone system asset is recorded at the fair value of the asset and amortized over the term of the lease. Amortization of the telephone system is included in depreciation expense for the year ended June 30, 2015. Imputed interest rate of 11% is the lessor's implicit rate of return.

Casa leases three copiers under a capital lease agreement. The copiers are recorded at the fair value of the asset and amortized over the term of the lease. Amortization of the copiers is included in depreciation expense for the year ended June 30, 2015. Imputed interest rate of 8% is Casa's incremental borrowing rate at the inception of the lease.

The following is a summary of the assets held under the capital lease agreements:

	Phone system	Copiers
Office equipment	$ 45,662	$ 16,000
Accumulated amortization	(16,742)	(1,600)
Net	$ 28,920	$ 14,400

Minimum future lease payments under the capital lease as of June 30, 2015 are as follows:

June 30,	Phone system	Copiers
2016	$ 11,922	$ 7,752
2017	11,922	7,752
2018	11,922	7,752
2019	1,987	7,752
2020		3,876
Net minimum lease payments	37,752	31,008
Amount representing interest	(6,006)	(5,560)
Present value of net minimum lease payments	$ 31,746	$ 25,448

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Note 12. Employee Benefit Plans

Casa maintains a "Cafeteria Plan" for the benefit of its employees. The Plan allows employees working at least 20 hours per week to pay certain qualified expenses on a pre-tax basis.

Casa also maintains a Tax Sheltered Annuity retirement plan with a SIMPLE individual retirement plan under section 408(p) of the Internal Revenue Code. This is a tax deferred retirement plan, under which Casa matches eligible employee contributions up to 3% of the employee's salary. Employer contributions totaled $18,529 for the fiscal year ended June 30, 2015.

Effective November 2010, Casa adopted a 457(b) Non-Qualified Deferred Compensation Top Hat Plan (Plan). The Plan is a supplemental retirement plan available to a select group of management or highly compensated employees or independent contractors. The Plan is funded by the participants' payroll deductions and Casa's contributions. All amounts of compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights, remain an asset of Casa until distribution. During the year ended June 30, 2015, Casa contributed $7,000 to the Plan. Top Hat Plan asset of $17,000 as of June 30, 2015 and a corresponding liability are recorded in the statement of financial position.

Note 13. Related Parties

Two officer employees of the entity that are married work at different sites of the entity. There are no related party transactions for these two individuals.

Note 14. Subsequent Events

Casa's management has evaluated subsequent events through November 16, 2015, the date the financial statements were available to be issued.

Subsequent to the year end, Casa entered into a loan agreement to refinance three existing mortgage loans: loan b), loan c), and loan h), (see Note 8). The loan is a variable rate nondisclosable loan in the amount of $1,245,000. The loan is payable in monthly installments of principal and interest of $6,432 starting September 4, 2015 through August 4, 2020. The monthly payment is calculated by amortizing the principal balance of the note over thirty years at a fixed interest rate of $4.5%. On August 4, 2020, the interest rate will be adjusted by applying the then current Index plus two and three-quarters percentage points per the loan agreement. The adjusted payments are due monthly through August 4, 2025, at which time the entire amount of outstanding principal and interest are due.

Casa's workers' compensation insurance premiums have increased from $29,893 for July 1, 2013-June 30, 2014 to $77,501 for July 1, 2014- June 30, 2015 to due to an increase in claims. As of June 30, 2015 and subsequent to the year end, Casa has four open claims by employees receiving care related to workplace injuries. Casa has retained a consultant and has been implementing changes to reduce workplace injuries.

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SUPPLEMENTARY INFORMATION

CASA FAMILIAR, INC.

Schedule of Functional Revenue and Expenses
For the Year Ended June 30, 2015
(With Summarized Comparative Information for the Year Ended June 30, 2014)

	PROGRAM SERVICES							SUPPORTING SERVICES			
	Housing	Senior Group Home	Casa Services	Arts Division	National City Properties	Other Programs	Total Programs	Management and General	Fund-Raising	2015 Totals	2014 Totals
REVENUE:											
Grants and contributions	$ 65,000	$	$ 430,043	$ 31,737	$	$ 85,934	$ 612,714	$ 78,546	$	$ 691,260	$ 512,186
Program service fees	20,000		182,698			5,000	207,698			207,698	214,627
In-kind donations - facilities			193,687			37,718	231,405			231,405	231,405
Fundraiser revenue							-		94,742	94,742	61,932
Management fees	137,433						137,433			137,433	131,325
Rental revenue (net of vacancies)	74,897	17,500			231,140		323,537			323,537	331,411
Tenant assistance payments					33,663		33,663			33,663	29,933
Housing partners	453,658						453,658			453,658	366,633
Subcontract revenue	29,319						29,319			29,319	-
Solar panel rebates							-			-	20,034
Laundry					4,188		4,188			4,188	7,042
Interest	3,314				3		3,317			3,317	3,197
Miscellaneous							-	5,244		5,244	84
Total revenue	783,621	17,500	806,428	31,737	268,994	128,652	2,036,932	83,790	94,742	2,215,464	1,909,809
EXPENSES:											
Payroll and related expenses											
Salaries and wages	$ 253,261	$ 6,953	$ 268,648	$ 21,645	$ 14,669	$ 52,939	$ 618,115	$ 59,448	$ 6,829	$ 684,392	$ 950,361
Payroll taxes	22,177	609	23,524	1,895	1,284	4,636	54,125	5,205	598	59,928	78,038
Workers' comp insurance	12,214	335	12,956	1,044	707	2,553	29,810	2,867	329	33,006	36,579
Health insurance	24,688	678	26,188	2,110	1,430	5,160	60,253	5,795	666	66,714	81,390
Retirement	12,076	538	718	897	862	6,500	21,591	3,305	633	25,529	24,779
Total payroll and related expenses	324,415	9,113	332,033	27,591	18,953	71,788	783,894	76,620	9,055	869,569	1,171,147
Operating expenses											
Contracts	2,062		4,725		515	600	7,902	34,837	6,700	49,439	38,784
Bad debt			917				917		18,500	19,417	21,250
Maintenance supplies					7,667		7,667	3,130		10,797	15,880
Dues, subscriptions, filing & loan fees	4,350				10,713		15,063	7,690		22,753	19,819
Utilities	14,650	1,898	4,390		20,456	2,169	43,563	8,069		51,632	48,095
Office equipment and supplies	10,204		10,963	90	2,166	2,847	26,270	12,295	789	39,354	62,409
Telephone, cable, internet	10,238		12,524		150	2,499	25,411	9,091		34,502	34,169
Program	735		179,838	375		10,677	191,625			191,625	61,739
Property taxes	1,559	9	27		8,837	4	10,436	2,457		12,893	10,762
Management fees					19,325		19,325			19,325	19,325
Vehicles gas, maintenance and repair			90		720	65	875	7,681		8,556	9,546
Repairs and maintenance	1,200				10,855	388	12,443	13,094		25,537	29,100
Awards, grants and donations			4,000				4,000	6,377		10,377	8,300
Insurance	12,724	1,098	10,156	141	5,096		29,215	8,731	1,830	39,776	46,095
Interest	16,275		38,760		168,622		223,657	3,554		227,211	240,083
Residual receipts payments					17,130		17,130			17,130	39,621
Events			17,199	9,788			26,987		60,493	87,480	87,491
Depreciation and amortization	32,735	3,501	16,868	589	125,009	1,829	180,531	26,935		207,466	196,382
Conferences and meetings	94			31			125	3,628	51	3,804	2,595
Miscellaneous	250		897	2,700	2,170		6,017	4,081	123	10,221	5,533
Mileage and travel			1,180				1,180	587		1,767	7,189
Donated facilities			193,687			37,718	231,405			231,405	231,405
Total operating expenses	107,076	6,506	496,221	13,714	399,431	58,796	1,081,744	152,237	88,486	1,322,467	1,235,572
Total expenses	$ 431,491	$ 15,619	$ 828,254	$ 41,305	$ 418,384	$ 130,584	$ 1,865,638	$ 228,857	$ 97,541	$ 2,192,036	$ 2,406,719
Changes in net assets	$ 352,130	$ 1,881	$ (21,826)	$ (9,568)	$ (149,390)	$ (1,932)	$ 171,294	$ (145,067)	$ (2,799)	$ 23,428	$ (496,910)

See Auditor's Report

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NONPROFITS OWN
COMMERCIAL LINES COMMON POLICY DECLARATIONS

PRODUCER:

All-Cal Insurance Agency
505 Vernon St.
Roseville, CA 95678

POLICY NUMBER: **2015-02129- NPO**

RENEWAL OF NUMBER: **2014-02129- NPO**

NAME OF INSURED AND MAILING ADDRESS:

Casa Familiar
119 West Hall Avenue
San Ysidro, CA 92173

ATTACHMENT (5)

POLICY PERIOD: FROM **06/30/2015** TO **06/30/2016**
AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

BUSINESS DESCRIPTION: Provides service programming, housing & community economic development

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE COVERAGE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THESE PREMIUMS MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
COMMERCIAL GENERAL LIABILITY COVERAGE PART - OCCURRENCE	$9,253
COMMERCIAL AUTO LIABILITY COVERAGE PART	$5,609
COMMERCIAL AUTO PHYSICAL DAMAGE COVERAGE PART	$2,160
IMPROPER SEXUAL CONDUCT COVERAGE PART	$6,200
COMMERCIAL LIQUOR LIABILITY COVERAGE PART	INCLUDED
TERRORISM COVERAGE (Certified Acts)	Not Covered
TOTAL:	**$23,222**

FORM(S) AND ENDORSEMENT(S) MADE A PART OF THIS POLICY AT TIME OF ISSUE:*

CG 00 01 07 98,	CG 00 33 01 96,	CG 20 10 07 04,	CG 20 11 01 96,	CG 20 12 07 98,	CG 20 18 11 85,	CG 20 20 11 85,
CG 20 21 07 98,	CG 20 26 07 04,	CG 20 34 07 04,	CG 20 37 07 04,	CG 21 16 s 07 98,	CG 21 73 01 15,	CG 24 07 11 85,
CG 25 04 11 85,	CG 77 94 04 93,	IL 00 17 11 98,	IL 02 70 09 12,	NIAC-AL-NPO	NIAC-E10 07 92,	NIAC-E11 07 92,
NIAC-E12 05 92,	NIAC-E15 02 09,	NIAC-E22 08 95,	NIAC-E25 01 98,	NIAC-E26 10 14,	NIAC-E28 01 99,	NIAC-E29 12 09,
NIAC-E3 01 99,	NIAC-E32 02 15,	NIAC-E33 01 02,	NIAC-E4 01 91,	NIAC-E42 07 06,	NIAC-E44 04 07,	NIAC-E52 07 13,
NIAC-E56 02 12,	NIAC-E59 02 12,	NIAC-E6 02 07,	NIAC-E60 07 12,	NIAC-E61 02 13,	NIAC-E7 10 04,	NIAC-E70 07 13,
NIAC-E74 03 14,	NIAC-GL-NPO	NIAC-LL-NPO	NIAC-SC-NPO	NIAC-X1 02 15,	NPO-001 04 09,	SCHEDULE BA 01 80,
SCHEDULE G 01 80,	SCHEDULE L 01 80,					

***OMITS APPLICABLE FORMS AND ENDORSEMENTS IF SHOWN IN SPECIFIC COVERAGE PART / COVERAGE FORM DECLARATIONS.**

COUNTERSIGNED: 06/25/2015 BY Pamela C. Q.
(AUTHORIZED REPRESENTATIVE)

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

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COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

PRODUCER:
All-Cal Insurance Agency
505 Vernon St.
Roseville, CA 95678

POLICY NUMBER: **2015-02129 -NPO**

RENEWAL OF NUMBER: **2014-02129 -NPO**

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NAME OF INSURED AND MAILING ADDRESS:

Casa Familiar
119 West Hall Avenue
San Ysidro, CA 92173

POLICY PERIOD: FROM 06/30/2015 TO 06/30/2016
AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

BUSINESS DESCRIPTION: Provides service programming, housing & community economic development

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE COVERAGE AS STATED IN THIS POLICY.

LIMITS OF COVERAGE:

GENERAL AGGREGATE LIMIT (OTHER THAN PRODUCTS - COMPLETED OPERATIONS)	$3,000,000
PRODUCTS - COMPLETED OPERATIONS AGGREGATE LIMIT	$3,000,000
PERSONAL AND ADVERTISING INJURY LIMIT	$1,000,000
EACH OCCURRENCE LIMIT	$1,000,000
DAMAGE TO PREMISES RENTED TO YOU	$500,000 any one premises
MEDICAL EXPENSE LIMIT	20,000 any one person

ADDITIONAL COVERAGES:

EMPLOYEE BENEFITS LIABILITY Retroactive Date: 7/1/2010 INCLUDED
(EMPLOYEE BENEFITS LIABILITY IS A CLAIMS MADE FORM. LIMITS ARE INCLUDED IN THE GENERAL AGGREGATE AND EACH OCCURRENCE LIMIT LISTED ABOVE)

SOCIAL SERVICE PROFESSIONAL LIABILITY

AGGREGATE LIMIT	$3,000,000
EACH OCCURRENCE LIMIT	$1,000,000

CLASSIFICATION(S) SEE ATTACHED SUPPLEMENTAL DECLARATIONS SCHEDULE G

PREMIUM **$9,253**

FORMS AND ENDORSEMENTS APPLICABLE TO THIS POLICY ARE INCLUDED IN COMMERCIAL LINES COMMMON POLICY DECLARATIONS

COUNTERSIGNED: 06/25/2015 BY Pamela C. Ra.
(AUTHORIZED REPRESENTATIVE)

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

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COMMERCIAL GENERAL LIABILITY EXTENSION OF DECLARATIONS

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Schedule G

Page 1

POLICY NUMBER: 2015-02129-NPO

NAME OF INSURED: Casa Familiar

PREMISES CODE/CLASS	*LOC	PREMIUM BASIS	RATE	*ADVANCED PREMIUM
60010/Apartment Buildings - includes products and/or completed operations	1	6	66.023	$396
61227/Buildings or Premises - office - NFP	1	800	190.039	$152
49870/YMCA, YWCA or Similar Institutions - includes products and/or completed operations	2	4,100	218.790	$897
49870/YMCA, YWCA or Similar Institutions - includes products and/or completed operations	3	2,000	218.790	$438
63011/Dwellings - two family (lessor's risk only) - includes products and/or completed operations	4	1	73.359	$74
61218/Buildings or Premises - bank or office - merc. or manufac. maintained by the insu (LRO) - NFP	4	1,200	44.208	$53
49452/Vacant Land - NFP	5	1	40.000	$40
61227/Buildings or Premises - office - NFP	6	1,679	190.039	$319
60010/Apartment Buildings - includes products and/or completed operations	7	2	66.023	$132
41668/Clubs - civic, service or social - having buildings or premises owned or leased - NFP	8	3,000	252.640	$758
61227/Buildings or Premises - office - NFP	9	1,000	190.039	$190
60010/Apartment Buildings - includes products and/or completed operations	10	8	66.023	$528
60010/Apartment Buildings - includes products and/or completed operations	11	10	66.023	$660

*See Common Declarations for Total Advanced Premium and Schedule 'L' for locations.

COUNTERSIGNED: 06/25/2015 BY Pamela C. Q.

(AUTHORIZED REPRESENTATIVE)

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COMMERCIAL GENERAL LIABILITY EXTENSION OF DECLARATIONS

5

Schedule G

Page 2

POLICY NUMBER: 2015-02129-NPO

NAME OF INSURED: Casa Familiar

PREMISES CODE/CLASS	*LOC	PREMIUM BASIS	RATE	*ADVANCED PREMIUM
61218/Buildings or Premises - bank or office - merc. or manufac. maintained by the insu (LRO) - NFP	12	7,000	44.208	$309
61227/Buildings or Premises - office - NFP	12	5,000	190.039	$950
60010/Apartment Buildings - includes products and/or completed operations	13	10	66.023	$660

ADDITIONAL COVERAGES

Activities/Field Trips:

Event #	# of people		Description	
1	1,400	August	Thanksgiving	$150
2	N/A		Field Trip(s)	Incl.
3	500	May	Day @ San Ysneso Festival	$50
4	200	August	Ballet Folklorico	$50

Increased Aggregate	$365
Employee Benefits Liability	$400
Social Service Professional	$1,682

*See Common Declarations for Total Advanced Premium and Schedule 'L' for locations.

COUNTERSIGNED: 06/25/2015 BY Pamela C. Ra.

(AUTHORIZED REPRESENTATIVE)

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COMMERCIAL GENERAL LIABILITY EXTENSION OF DECLARATIONS

Schedule L

5

POLICY NUMBER: 2015-02129-NPO

NAME OF INSURED: Casa Familiar

PREMISES LOC/BLDG	DESIGNATED PREMISES ADDRESS, CITY, STATE, ZIP	ADDITIONAL INSUREDS AND OTHER INTERESTS
1	119/121 & 122 W. Hall Avenue San Ysidro, CA 92173	
2	212 W. Park Avenue San Ysidro, CA 92173	
3	268 W. Park Avenue San Ysidro, CA 92173	
4	114-114 1/2 A & B W. Hall Avenue San Ysidro, CA 92173	
5	125 Cypress Drive San Ysidro, CA 92173	
6	122 A & B W. Hall Avenue San Ysidro, CA 92173	
7	145 and 149 W. San Ysidro Blvd. San Ysidro, CA 92173	
8	147 W. San Ysidro Blvd. San Ysidro, CA 92173	
9	3604 Beyer Avenue San Ysidro, CA 92173	
10	1111 D Avenue National City, CA 91950	
11	1101-1119 E Avenue National City, CA 91950	
12	1901 Del Sur Blvd. San Ysidro, CA 92173	
13	304 E. 5th Street National City, CA 91950	

COUNTERSIGNED: 06/25/2015 BY Pamela C. Q.

(AUTHORIZED REPRESENTATIVE)

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A Head for Insurance. A Heart for Nonprofits.

NONPROFITS INSURANCE ALLIANCE OF CALIFORNIA (NIAC)

www.insuranceformonprofits.org

IMPROPER SEXUAL CONDUCT LIABILITY COVERAGE PART DECLARATIONS

PRODUCER:
All-Cal Insurance Agency
505 Vernon St.
Roseville, CA 95678

POLICY NUMBER: 2015-02129

RENEWAL OF NUMBER: 2014-02129

5

NAME OF INSURED AND MAILING ADDRESS:

Casa Familiar
119 West Hall Avenue
San Ysidro, CA 92173

POLICY PERIOD: FROM 06/30/2015 TO 06/30/2016
AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

BUSINESS DESCRIPTION: Provides service programming, housing & community economic development

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE COVERAGE AS STATED IN THIS POLICY.

LIMITS OF COVERAGE:		PREMIUM
GENERAL AGGREGATE LIMIT	$2,000,000	$6,200
EACH CLAIM LIMIT	$1,000,000	

NOTE: The limit of liability available to pay judgements or settlements shall be reduced by amounts incurred for Defense Costs.

TOTAL PREMIUM: $6,200

FORMS AND ENDORSEMENTS APPLICABLE TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT THE TIME OF ISSUANCE:
NIAC-E57 02 12, NIAC-ISCET 04 15,

06/25/2015 BY Pamela C. R.
(AUTHORIZED REPRESENTATIVE)

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

"NOTICE : This Policy is issued by your risk retention group. Your risk retention group may not be subject to all the insurance laws and regulations of your State. State insurance insolvency guaranty funds are not available for your risk retention group."

ANI - RRG - SC

NONPROFITS INSURANCE ALLIANCE OF CALIFORNIA

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COMMERCIAL LIQUOR LIABILITY COVERAGE PART DECLARATIONS

PRODUCER:
All-Cal Insurance Agency
505 Vernon St.
Roseville, CA 95678

POLICY NUMBER: 2015-02129-NPO

RENEWAL OF NUMBER: 2014-02129-NPO

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Casa Familiar
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BUSINESS DESCRIPTION: Provides service programming, housing & community economic development

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE COVERAGE AS STATED IN THIS POLICY.

LIMITS OF COVERAGE:

GENERAL AGGREGATE LIMIT.....	$ 1,000,000
EACH COMMON CAUSE LIMIT.....	$ 1,000,000

PREMIUM: **Included**

FORMS AND ENDORSEMENTS APPLICABLE TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT THE TIME OF ISSUANCE:

CG 00 33/01 96

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

COUNTERSIGNED: 06/25/2015 BY Pamela C. Ra.
(AUTHORIZED REPRESENTATIVE)

HISCOX PRO™

CERTIFICATE OF INSURANCE

Effective with UNDERWRITERS AT LLOYD'S, LONDON

Administered by Hiscox Inc. d/b/a Hiscox Insurance Agency in CA License No. 0F09668
520 Madison Avenue 32nd floor, New York, NY 10022
(914) 273-7400

Policy Number: UCS2690207.15

In accordance with the authorization granted to Hiscox Inc. under Contract No. B1234INCS362415 by certain Underwriters at Lloyd's, London, whose names and the proportions underwritten by them can be ascertained by reference to the said Contract, which bears the Seal of Lloyd's Policy Signing Office and is on file at the office of the said Agency and in consideration of the premium specified herein, the said Underwriters do hereby bind themselves, each for his own part and not one for another, their heirs, executors and administrators, to insure as follows in accordance with the terms and conditions contained or endorsed hereon.

Broker No.:	US 0000086	Cooper & McCloskey Inc. Insurance Brokers
Certificate No.:	UCS2690207.15	111 Pine Street Suite 1530 San Francisco, California 94111-5811
Renewal of:	UCS2690207.14	

Declaration

Hiscox USA Technology, Privacy and Cyber Protection Portfolio

ATTACHMENT 5

1. **Named Insured:** Casa Familiar

   Named Insured's Address: 119 W Hall Ave
   San Ysidro, California 92173-2514

2. **Policy period:** Inception date: 10/20/2015 Expiration date: 10/20/2016

   Inception date shown shall be at 12:01 A.M. (Standard Time) to Expiration date shown above at 12:01 AM. (Standard Time) at the address of the Named Insured.

3. **Policy Limit** $ 1,000,000

   In the aggregate, regardless of the number of **Claims** or **First Party Events**

4. **Coverage Summary**

A.

Coverage Module(s)	Coverage Module Limit of Liability	Retention	Retroactive Date
Breach Costs	$ 1,000,000 In the aggregate, regardless of the number of Claims or First Party Events	$ 2,500 Each and every First Party Event	10/20/2014
Privacy Protection	$ 1,000,000 In the aggregate, regardless of the number of Claims or First Party Events	$ 2,500 Each and every Claim	10/20/2014
Multimedia Protection	$ 1,000,000 In the aggregate, regardless of the number of Claims or First Party Events	$ 2,500 Each and every Claim	10/20/2014
Hacker Damage	$ 1,000,000 In the aggregate, regardless of the number of Claims or First Party Events	$ 2,500 Each and every First Party Event	NA
Cyber Business Interruption	$ 1,000,000 In the aggregate, regardless of the number of Claims or First Party Events	10 Hours	NA
Cyber Extortion	$ 1,000,000 In the aggregate, regardless of the number of Claims or First Party Events	$ 2,500 Each and every First Party Event	NA

HISCOX PRO™

CERTIFICATE OF INSURANCE

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(914) 273-7400

Policy Number: UCS2690207.15

B. **Policy Sub-Limit(s)** - part of and not in addition to the applicable coverage module limit and policy limit

Breach Costs - Computer Forensic Costs	$ 1,000,000
Breach Costs - Notification Costs	$ 1,000,000
Breach Costs - Credit or Identity Protection	$ 1,000,000
Breach Costs - Crisis Management and Public Relations costs	$ 50,000
Privacy Protection - Regulatory Action	$ 250,000
Privacy Protection - Regulatory Compensatory Award	$ 1,000,000
Privacy Protection - PCI Fines /Penalties	$ 50,000
Hacker Damage - Consulting Costs	$ 50,000
Cyber Business Interruption - Consulting Costs	$ 50,000
Cyber Business Interruption - Loss Amount Sub-Limit (Per Hour)	$ 10,000

5

5. **Premium:** $ 2,007.00

Total $ 2,007.00

Additional Charges $ 75.00 - Administrative Fee

6. **Date of Application**

Coverage Module(s)	Application Date
Privacy Protection	10/08/2014
Multimedia Protection	10/08/2014

7. **Definition(s) of Business Activities**

Coverage Module(s)	Business Activities
Privacy Protection	Nonprofit services, for others for a fee.

8. **Notice of Claim/Potential Claim/First Party Events to:** See Endorsement(s)

9. **Service of Suit to:** See Endorsement(s)

10. **Geographical Limits:** Worldwide, where legally permissible

11. **The attached endorsements apply**

HISCOX PRO

CERTIFICATE OF INSURANCE

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(1) E3300.1. Notification Endorsement
(2) E3301.1. Service of Suit Endorsement
(3) E3302.4. Syndicate 3624 Endorsement
(4) E3373.1. PPM-Payment Processor Indemnification
(5) E3333.1. GTC-Optional ERP 1-3 Years
(6) E3325.1. Cooperation Clause (50-50)
(7) E3327.2. Professional Services Exclusion
(8) E3313.1. Medical Practice Exclusion

5

12. **The attached Notices apply**

(1) CA Surplus Notice D-1
(2) OFAC Trade Sanction Notice
(3) Conformity Notice
(4) Privacy Data Breach Policyholder Guide-(vers3)-0712

The Certificate terms and conditions contained herein or endorsed hereon and such other provisions, agreements or conditions as may be endorsed hereon or added hereto are hereby incorporated in this Certificate. No representative of the Underwriters shall have power to waive or be deemed to have waived any provision or condition of this Certificate unless such waiver, if any, shall be written upon or attached hereto; nor shall any privilege or permission affecting the insurance under this Certificate exist or be claimed by the Insured(s) unless so written or attached.

IN WITNESS WHEREOF this Certificate has been signed at New York, New York

Authorized Representative

09/21/2015
Date

Hiscox Inc.

ATTACHMENT 5 – PROJECT PRO FORMA

BELLA VISTA APARTMENTS
SUMMARY PRO FORMA
7/5/2017

Estimated Construction Phase Sources and Uses of Financing

Construction Financing Sources	Amounts	Construction Financing Uses	Amounts	Per Unit
Tax Exempt Financing	$23,300,000	Land Acquisition Cost	$28,600,000	$168,235
Proposed Taxable Note Construction Financing	$12,700,000	Hard Costs (Rehabilitation)	$8,770,116	$51,589
Tax Credit Equity (first installment)	$1,434,969	Financing Costs	$1,096,405	$6,449
Deferred Developer Fee	$4,795,569	Developer Fee	$5,522,589	$32,486
Seller Loan	$2,860,000	Soft Costs	$1,101,428	$6,479
Total Development Cost	**$45,090,538**	**Total Development Cost**	**$45,090,538**	**$265,238**

Estimated Permanent Phase Sources and Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Tax Exempt Issuance Permanent Loan	$23,300,000	Land Acquisition Cost	$28,600,000	$168,235
Four Percent Tax Credits	$14,343,659	Hard Costs (Rehabilitation)	$8,770,116	$51,589
Deferred Developer Fee	$5,187,350	Developer Fee	$5,522,589	$32,486
Seller Loan	$2,860,000	Relocation Costs	$200,000	$1,176
		Financing Costs	$1,096,405	$6,449
		Operating Reserve	$600,471	$3,532
		Other Soft Costs	$901,428	$5,303
Total Development Cost	**$45,691,009**	**Total Development Cost**	**$45,691,009**	**$268,770**

PROJECT PRO FORMA

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
PROJECT COSTS

	Total Costs	Land and Non-Amort./Depr. Costs	Amortizable Costs	Expensed Costs	Reserves	Depreciable Costs	Eligible Basis
LAND AND OTHER ACQUISITION							
Land and closing costs	1,800,000	1,800,000				0	0
Other Acquisition Costs	26,800,000					26,800,000	26,800,000
Subtotal	28,600,000	1,800,000	0	0	0	26,800,000	26,800,000
NEW CONSTRUCTION AND/OR REHAB							
Structures	6,800,000					6,800,000	6,800,000
General Conditions	408,000					408,000	408,000
Contractor Overhead	136,000					136,000	136,000
Contractor Profit	408,000					408,000	408,000
Construction Contingency	755,556					755,556	755,556
Contractor Bond	0					0	0
Contractor Permits	146,280					146,280	146,280
Contractor Insurance	116,280					116,280	116,280
Subtotal	8,770,116	0	0	0	0	8,770,116	8,770,116
FINANCING COSTS							
Predevelopment Loan Interest and Fees	101,600					101,600	101,600
GIC Income	0					0	0
Due Diligence	45,000			45,000		0	0
Initial MIP Fee	0		0			0	0
FHA Application Fee	0		0			0	0
FHA Inspection Fee	0		0			0	0
FHA Perm Loan Fees	0		0			0	0
Permanent Loan Costs	270,000		174,750			95,250	95,250
Tax Credit Fees	146,805		146,805			0	0
Lender Legal	150,000		150,000			0	0
FHA Processing Fee	0		0			0	0
FHA Legal	0		0			0	0
Legal and Organizational	150,000		20,000			130,000	130,000
Bond Issuance	233,000		233,000			0	0
Subtotal	1,096,405	0	724,555	45,000	0	326,850	326,850
SOFT COSTS							
Architectural	85,000					85,000	85,000
Engineering/Surveying/Environmental	0					0	0
Taxes During Construction	167,928			151,135		16,793	16,793
Insurance	50,000					50,000	50,000
Title & Recording	45,000					45,000	45,000
Borrower Attorney	100,000		0			100,000	100,000
Appraisal	10,000					10,000	10,000
Third Party Reports	50,000					50,000	50,000
Marketing	0			0		0	0
Construction Relocation Costs	200,000					200,000	200,000
Relocation	0					0	0
Furnishings	40,000					40,000	40,000
Accounting	65,000					65,000	65,000
Market Study	8,500					8,500	8,500
Negative Construction Risk Fee	0					0	0
Nonprofit Fee	60,000			30,000		30,000	30,000
Community Room	20,000					20,000	20,000
Property Management Set-Up	0			0		0	0
Other	200,000					200,000	200,000
Subtotal	1,101,428	0	0	181,135	0	920,293	920,293
RESERVES							
Working Deposit (4%)	0				0	0	0
Operating Reserves (3 mo. Stabilized)	600,471				600,471	0	0
Operating Reserve (3%)	0				0	0	0
Subtotal	600,471	0	0	0	600,471	0	0
DEVELOPER FEE							
Developer fee	5,522,589					5,522,589	5,522,589
	45,691,009	1,800,000	724,555	226,135	600,471	42,339,848	42,339,848

Sources:	
Permanent Loan	$23,300,000
Seller Loan	$2,860,000
Tax Credit Equity	$14,343,659
Developer Fee	$5,187,351
Total Sources	$45,691,009

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
FIRST YEAR TAX CREDIT CALCULATION

FIRST YEAR OCCUPANCY CALCULATION

Total # of units (less 1 manager unit)	169
Date Placed In Service	5/1/2018

Month	# of units occupied	% of units occupied
Jan	0	0.00%
Feb	0	0.00%
March	0	0.00%
April	0	0.00%
May	0	0.00%
June	0	0.00%
July	0	0.00%
Aug.	85	50.30%
Sept.	85	50.30%
Oct.	85	50.30%
Nov.	85	50.30%
Dec.	85	50.30%
		251.48%
	# of months	12
	Average	20.96%

FIRST YEAR TAX CREDIT CALCULATION

Total Credits	$15,021,040

Year	Period	Occupancy %	Total Credits
2018	1	20.96%	314,790
2019	2	79.29%	1,191,017
2020	3	100.00%	1,502,104
2021	4	100.00%	1,502,104
2022	5	100.00%	1,502,104
2023	6	100.00%	1,502,104
2024	7	100.00%	1,502,104
2025	8	100.00%	1,502,104
2026	9	100.00%	1,502,104
2027	10	100.00%	1,502,104
2028	11	79.04%	1,187,314
2029	12	20.71%	311,087
			$15,021,040

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
TAX CREDIT CALCULATION

TAX CREDIT CALCULATION

	9% PV Credit: New Construction	4% PV Credit: Acquisition	9% PV Credit: Rehabilitation
Total Eligible Basis (attributable to affordable units)	$0	$28,456,777	$13,883,071
Difficult To Develop Area Adjustment (DDA)	100.00%	100.00%	130.00%
Adjusted Eligible Basis	$0	$28,456,777	$18,047,992
Low-Income Occupancy Percentage	100.00%	100.00%	100.00%
Qualified Basis	0	28,456,777	18,047,992
Estimated Tax Credit Percentage	0.00%	3.23%	3.23%
Estimated Annual Credit	0	919,154	582,950
Estimated Total Credits	$0	$9,191,540	$5,829,500
Estimated Total Credits	$15,021,040		
Limited Partner's Interest	99.99%		
Total credits to LP interest	$15,019,538		
Credit price	$0.955		
Total Equity paid by Limited Partner	$14,343,659		

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
RENT

ANNUAL RENTAL INCOME

Unit Mix	Number of Units	Average Floor Area (Sq. Ft.)	Total Square Footage	Median Income Limit %	Max. Monthly Rent	Utilities	Max. Annual Rent	Max. Mo. Rent
HUD Additional subsidy	0	0	0	0%	0	0	0	0
1 BR	0	0	0	30%	0	12	0	0
1 BR	47	0	0	HUD	1,170	0	659,880	54,990
1 BR	5	0	0	60%	911	54	51,420	4,285
2 BR	0	0	0	30%	0	15	0	0
2 BR	76	0	0	HUD	1,485	0	1,354,320	112,860
2 BR	18	0	0	60%	1,093	64	222,264	18,522
3 BR	0	0	0	30%	0	22	0	0
3 BR	11	0	0	HUD	1,575	0	207,900	17,325
3 BR	10	0	0	HUD	1,620	0	194,400	16,200
3 BR	3	0	0	60%	1,215	73	41,112	3,426
	170		0				2,731,296	227,608

FIRST YEAR RENT CALCULATION

Year	2015
Units	169
Rental Income	$2,731,296
Other Income	66,667
Vacancy	(136,565)
Effective Gross Income	2,661,398
Operating Expenses	(969,000)
Reserves	(51,000)
Gross Rental Income	$1,641,398

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
INPUT

TIME FRAMES

	Month	Day	Year
Partnership Start Date	1	1	2017
Construction Start Date	5	1	2017
Placed In Service Date	5	1	2017
Rehabilitation Placed in Service Date	5	1	2018
Hypothetical Sale Date	1	1	2032

PROJECT SIZE

Total Residential Units (including 1 manager unit)	170
Total Low-Income Units	169
Total Market Units	1
Total Square Feet	0

LOW-INCOME HOUSING TAX CREDITS

Type	4% PV Credit: Acq/Rehab
Difficult to develop area? (Y/N)	Y
Tax Credit Factor - Acquisition	3.23%
Tax Credit Factor	3.23%
Credit price	0.9550
Total Equity Paid by Limited Partner	14,343,659
% Equity paid in first year	10%
% Equity paid in second year	90%
% Equity paid in third year	0%
% Equity paid in fourth year	0%

NET OPERATING INCOME

Annual Income Escalator	2.00%
Other Income	2.00%
Vacancy	5.00%
Operating expenses per unit	5,700
Annual Expense Escalator	3.00%
Property Taxes	3.00%
Replacement Reserve (Per Unit) Yrs. 1-5	300
Replacement Reserve (Per Unit) Yrs. 6-10	300
Replacement Reserve (Per Unit) Yrs. 11-15	300
Asset Management Fee escalator	3.00%
Incentive Management Fee % of gross revenue	35.00%

DEPRECIATION AND AMORTIZATION

Residential Depreciation Method	27.5 Yr. SL, Mid-Month Convention
Non-Residential Depreciation Method	39.0 SL
Land Improvements Depreciation Method	15 Yr. 150 DDB, Mid-Year Convention
Personal Property Depreciation Method	5 Yr. 200 DDB, Mid-Year Convention
Permanent Loan Fees Amortization	35 Yr. SL
Tax Credit Fees Amortization	15Yr. SL
Organization Costs Amortization	15Yr. SL

DISTRIBUTION OF CASH FLOW

Cash Flow Cash Distribution--GP	100.00%
Cash Flow Cash Distribution--LP - First	0.00%
Cash Flow Cash Distribution--LP - Second	0.00%

HYPOTHETICAL SALE

Sales Price	Outstanding Debt
Reserves on date of sale	Reduce Outstanding Debt
Capitalization Rate Used For Sale	5.00%
Selling Expenses As a % Of Sales Price	2.50%

MARGINAL TAX BRACKET 35.00%

PROFITS, LOSSES AND CREDITS

General Partners	0.01%
Limited Partners-Tax Credit Equity Investor	99.99%

Bella Vista San Diego, CA 92113
PROJECTED SOURCES AND USES OF CASH
FOR THE PERIOD FROM JANUARY 1, 2017 THROUGH DECEMBER 31, 2032

	Rehabilitation Yr.	Building Placed In Service						
Period ->	1	2	3	4	5	6	7	8
Year ->	2017	2018	2019	2020	2021	2022	2023	2024
SOURCES:								
Net Operating Rental Income	$1,147,154	$1,713,156	$1,737,438	$1,761,907	$1,786,556	$1,811,381	$1,836,376	$1,861,533
Investor Ltd Ptr (LP) Contributions	1,434,366	12,909,293	0	0	0	0	0	0
General Partner Contributions	0	0	0	0	0	0	0	0
Permanent Loan - Tranche A	23,300,000	0	0	0	0	0	0	0
Seller Loan	2,860,000	0	0	0	0	0	0	0
Construction Loan-Tranche B	12,700,000	(12,700,000)	0	0	0	0	0	0
Seller Carryback Financing	0	0	0	0	0	0	0	0
Seller Credit	0	0	0	0	0	0	0	0
Deferred Developer Fee	5,522,589	0	0	0	0	0	0	0
Tax Refunds	0	151,135	0	0	0	0	0	0
GIC Interest Income	0	0	0	0	0	0	0	0
Carryover Cash Reserve	0	2,867,349	(516,930)	(208,343)	0	0	0	0
TOTAL SOURCES	$46,964,109	$4,940,932	$1,220,508	$1,553,564	$1,786,556	$1,811,381	$1,836,376	$1,861,533
USES:								
Development Costs - Production Costs	$40,994,604	$3,500,000	$0	$0	$0	$0	$0	$0
Development Costs - Financing Costs	1,196,405	0	0	0	0	0	0	0
Replacement Reserve	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
MIP	0	0	0	0	0	0	0	0
HUD Required Deposits	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Debt Service--Permanent Loan	1,831,226	1,831,226	1,323,226	1,323,226	1,323,226	1,323,226	1,323,226	1,323,226
Annual Issuer Fee	0	29,125	29,125	29,125	29,125	29,125	29,125	29,125
Annual Monitoring Fee	0	25,500	25,500	25,500	25,500	25,500	25,500	25,500
Debt Service--Seller Loan	0	0	0	0	0	0	0	0
Asset Management Fee	3,125	0	0	23,644	8,279	8,486	8,698	8,915
Nonprofit Fee	20,400	21,012	0	0	0	0	0	0
Incentive Lease-up Fee	0	0	0	0	0	0	0	0
Supplemental Management Fee	0	0	0	0	0	0	0	0
Payment - Deferred Developer Fee	0	0	0	101,069	349,427	374,045	398,827	423,767
Partnership Management Fee	0	0	0	0	0	0	0	0
Debt Service--Residual Cash Loan	0	0	0	0	0	0	0	0
Cash Distribution - LP	0	0	0	0	0	0	0	0
Incentive Management Fee	0	0	0	0	0	0	0	0
Cash Distributions - GP	0	0	0	0	0	0	0	0
Cash Distributions - LP	0	0	0	0	0	0	0	0
Cash Reserve at End of Year	2,867,349	(516,930)	(208,343)	0	0	0	0	0
TOTAL USES	$46,964,109	$4,940,932	$1,220,508	$1,553,564	$1,786,556	$1,811,381	$1,836,376	$1,861,533

Bella Vista San Diego, CA 92113
PROJECTED SOURCES AND USES OF CASH
FOR THE PERIOD FROM JANUARY 1, 2017 THROUGH DECEMBER 31, 2032

	Building Placed In Service						
Period ->	9	10	11	12	13	14	15
Year ->	2025	2026	2027	2028	2029	2030	2031
SOURCES:							
Net Operating Rental Income	$1,886,846	$1,912,308	$1,937,911	$1,963,647	$1,989,506	$2,015,481	$2,041,560
Investor Ltd Ptr (LP) Contributions	0	0	0	0	0	0	0
General Partner Contributions	0	0	0	0	0	0	0
Permanent Loan - Tranche A	0	0	0	0	0	0	0
Seller Loan	0	0	0	0	0	0	0
Construction Loan-Tranche B	0	0	0	0	0	0	0
Seller Carryback Financing	0	0	0	0	0	0	0
Seller Credit	0	0	0	0	0	0	0
Deferred Developer Fee	0	0	0	0	0	0	0
Tax Refunds	0	0	0	0	0	0	0
GIC Interest Income	0	0	0	0	0	0	0
Carryover Cash Reserve	0	0	0	0	0	0	0
TOTAL SOURCES	$1,886,846	$1,912,308	$1,937,911	$1,963,647	$1,989,506	$2,015,481	$2,041,560
USES:							
Development Costs - Production Costs	$0	$0	$0	$0	$0	$0	$0
Development Costs - Financing Costs	0	0	0	0	0	0	0
Replacement Reserve	51,000	51,000	51,000	51,000	51,000	51,000	51,000
MIP	0	0	0	0	0	0	0
HUD Required Deposits	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Debt Service--Permanent Loan	1,323,226	1,323,226	1,323,226	1,323,226	1,323,226	1,323,226	1,323,226
Annual Issuer Fee	29,125	29,125	29,125	29,125	29,125	29,125	29,125
Annual Monitoring Fee	25,500	25,500	25,500	25,500	25,500	25,500	25,500
Debt Service--Seller Loan	0	0	0	0	0	0	0
Asset Management Fee	9,138	9,366	9,601	9,841	10,087	10,339	10,597
Nonprofit Fee	0	0	0	0	0	0	0
Incentive Lease-up Fee	0	0	0	0	0	0	0
Supplemental Management Fee	0	0	0	0	0	0	0
Payment - Deferred Developer Fee	448,857	474,091	499,459	524,955	550,569	576,291	602,112
Partnership Management Fee	0	0	0	0	0	0	0
Debt Service--Residual Cash Loan	0	0	0	0	0	0	0
Cash Distribution - LP	0	0	0	0	0	0	0
Incentive Management Fee	0	0	0	0	0	0	0
Cash Distributions - GP	0	0	0	0	0	0	0
Cash Distributions - LP	0	0	0	0	0	0	0
Cash Reserve at End of Year	0	0	0	0	0	0	0
TOTAL USES	$1,886,846	$1,912,308	$1,937,911	$1,963,647	$1,989,506	$2,015,481	$2,041,560

Bella Vista San Diego, CA 92113

PROJECTED NET OPERATING RENTAL INCOME

FOR THE PERIOD FROM JANUARY 1, 2017 THROUGH DECEMBER 31, 2032

	Rehabilitation Yr.	Building Placed In Service						
Period ->	1	2	3	4	5	6	7	8
Year ->	2017	2018	2019	2020	2021	2022	2023	2024
Gross Potential Revenue:								
Rental Income	$1,820,864	$2,785,922	$2,841,640	$2,898,473	$2,956,443	$3,015,571	$3,075,883	$3,137,401
Other Revenue	66,667	68,000	69,360	70,747	72,162	73,605	75,077	76,579
Total Gross Potential Revenue	1,887,531	2,853,922	2,911,000	2,969,220	3,028,605	3,089,177	3,150,960	3,213,980
Vacancy & Bad Debt Expense	(94,377)	(142,696)	(145,550)	(148,461)	(151,430)	(154,459)	(157,548)	(160,699)
Net Rental Revenue	1,793,154	2,711,226	2,765,450	2,820,759	2,877,175	2,934,718	2,993,412	3,053,281
Operating Expenses	(646,000)	(998,070)	(1,028,012)	(1,058,852)	(1,090,618)	(1,123,337)	(1,157,037)	(1,191,748)
Net Operating Rental Income (w/o Replacement Reserves)	1,147,154	1,713,156	1,737,438	1,761,907	1,786,556	1,811,381	1,836,376	1,861,533
Mortgage Insurance Premium	0	0	0	0	0	0	0	0
Replacement Reserve	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)
Net Operating Rental Income	1,096,154	1,662,156	1,686,438	1,710,907	1,735,556	1,760,381	1,785,376	1,810,533
Annual Senior Debt Service	(1,831,226)	(1,831,226)	(1,323,226)	(1,323,226)	(1,323,226)	(1,323,226)	(1,323,226)	(1,323,226)
Forecasted Cash Available/(Shortfall)	($735,072)	($169,070)	$363,212	$387,681	$412,331	$437,156	$462,150	$487,307
Total Debt Service Ratio	0.599	0.908	1.274	1.293	1.312	1.330	1.349	1.368

Bella Vista San Diego, CA 92113

PROJECTED NET OPERATING RENTAL INCOME

FOR THE PERIOD FROM JANUARY 1, 2017 THROUGH DECEMBER 31, 2032

	Building Placed In Service						
Period ->	9	10	11	12	13	14	15
Year ->	2025	2026	2027	2028	2029	2030	2031
Gross Potential Revenue:							
Rental Income	$3,200,149	$3,264,152	$3,329,435	$3,396,023	$3,463,944	$3,533,223	$3,603,887
Other Revenue	78,111	79,673	81,266	82,892	84,549	86,240	87,965
Total Gross Potential Revenue	3,278,259	3,343,824	3,410,701	3,478,915	3,548,493	3,619,463	3,691,852
Vacancy & Bad Debt Expense	(163,913)	(167,191)	(170,535)	(173,946)	(177,425)	(180,973)	(184,593)
Net Rental Revenue	3,114,346	3,176,633	3,240,166	3,304,969	3,371,069	3,438,490	3,507,260
Operating Expenses	(1,227,500)	(1,264,325)	(1,302,255)	(1,341,323)	(1,381,562)	(1,423,009)	(1,465,699)
Net Operating Rental Income (w/o Replacement Reserves)	1,886,846	1,912,308	1,937,911	1,963,647	1,989,506	2,015,481	2,041,560
Mortgage Insurance Premium	0	0	0	0	0	0	0
Replacement Reserve	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)
Net Operating Rental Income	1,835,846	1,861,308	1,886,911	1,912,647	1,938,506	1,964,481	1,990,560
Annual Senior Debt Service	(1,323,226)	(1,323,226)	(1,323,226)	(1,323,226)	(1,323,226)	(1,323,226)	(1,323,226)
Forecasted Cash Available/(Shortfall)	$512,620	$538,082	$563,685	$589,421	$615,280	$641,255	$667,334
Total Debt Service Ratio	1.387	1.407	1.426	1.445	1.465	1.485	1.504

Bella Vista San Diego, CA 92113

PROJECTED TAXABLE INCOME

FOR THE PERIOD FROM JANUARY 1, 2017 THROUGH DECEMBER 31, 2032

	Rehabilitation Yr.	Building Placed In Service						
Period ->	1	2	3	4	5	6	7	8
Year ->	2017	2018	2019	2020	2021	2022	2023	2024
Net Operating Rental Income	$1,147,154	$1,713,156	$1,737,438	$1,761,907	$1,786,556	$1,811,381	$1,836,376	$1,861,533
Interest Expense:								
Construction period loan interest	(1,550,762)	(680,557)	0	0	0	0	0	0
Permanent Loan	0	(857,321)	(1,016,402)	(1,002,306)	(987,563)	(972,143)	(956,014)	(939,144)
Residual Cash Loan	(172,172)	(182,537)	(193,525)	(205,176)	(217,527)	(230,622)	(244,506)	(259,225)
Seller Loan	0	0	0	0	0	0	0	0
Deferred developer fee	0	(184,086)	(456,534)	(493,057)	(524,416)	(538,415)	(551,564)	(563,783)
Deferred developer fee - deferral/(expense)	0	184,086	456,534	(640,620)	0	0	0	0
Depreciation Expense	(485,295)	(1,536,584)	(1,934,341)	(1,794,703)	(1,707,401)	(1,682,485)	(1,619,191)	(1,570,231)
Def developer fee depr. deferral/(expense)	0	77,818	146,276	14,253	6,363	5,976	5,554	5,091
Amortization Expense	(2,661)	(20,531)	(27,056)	(27,056)	(27,056)	(27,056)	(27,056)	(27,056)
Seller Credit	0	0	0	0	0	0	0	0
Capital Replacement Reserve	0	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)
Capital Reserve Expenditures Depreciation	0	(5,100)	(13,260)	(18,156)	(21,094)	(24,031)	(25,500)	(25,500)
GIC Income	0	0	0	0	0	0	0	0
Asset Management Fee	(3,125)	(7,688)	(7,880)	(8,077)	(8,279)	(8,486)	(8,698)	(8,915)
Nonprofit Fee	(20,400)	(21,012)	0	0	0	0	0	0
Partnership Management Fee	0	0	0	0	0	0	0	0
Supplemental Management Fee	0	0	0	0	0	0	0	0
Incentice Lease-up Fee	0	0	0	0	0	0	0	0
Annual Issuer Fee	0	(29,125)	(29,125)	(29,125)	(29,125)	(29,125)	(29,125)	(29,125)
Annual Monitoring Fee	0	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)
Incentive Management Fee	0	0	0	0	0	0	0	0
Tax Refund	0	151,135	0	0	0	0	0	0
Total Taxable Income/(Loss)	($1,087,262)	($1,449,345)	($1,388,874)	($2,493,116)	($1,780,541)	($1,746,005)	($1,670,725)	($1,607,356)
Investor Limited Partner :								
Taxable Income/(Loss)	($1,087,153)	($1,449,200)	($1,388,735)	($2,492,866)	($1,780,363)	($1,745,830)	($1,670,558)	($1,607,195)
Annual Credits	$0	$314,759	$1,190,898	$1,501,954	$1,501,954	$1,501,954	$1,501,954	$1,501,954
General Partner :								
Taxable Income/(Loss)	($109)	($145)	($139)	($249)	($178)	($175)	($167)	($161)
Annual Credits	$0	$31	$119	$150	$150	$150	$150	$150

Bella Vista San Diego, CA 92113

PROJECTED TAXABLE INCOME

FOR THE PERIOD FROM JANUARY 1, 2017 THROUGH DECEMBER 31, 2032

	Building Placed In Service							
Period ->	9	10	11	12	13	14	15	
Year ->	2025	2026	2027	2028	2029	2030	2031	TOTAL
Net Operating Rental Income	$1,886,846	$1,912,308	$1,937,911	$1,963,647	$1,989,506	$2,015,481	$2,041,560	$27,402,760
Interest Expense:								
Construction period loan interest	0	0	0	0	0	0	0	(2,231,319)
Permanent Loan	(921,500)	(903,045)	(883,742)	(863,552)	(842,434)	(820,347)	(797,245)	(12,762,757)
Residual Cash Loan	(274,830)	(291,375)	(308,916)	(327,513)	(347,229)	(368,132)	(390,294)	(4,013,581)
Seller Loan	0	0	0	0	0	0	0	0
Deferred developer fee	(574,985)	(585,075)	(593,954)	(601,513)	(607,638)	(612,203)	(615,076)	(7,502,299)
Deferred developer fee - deferral/(expense)	0	0	0	0	0	0	0	0
Depreciation Expense	(1,570,517)	(1,570,231)	(1,570,902)	(1,570,231)	(1,570,902)	(1,570,231)	(1,570,902)	(23,324,144)
Def developer fee depr. deferral/(expense)	4,586	4,035	3,511	2,708	2,152	1,229	548	280,101
Amortization Expense	(27,056)	(27,056)	(27,056)	(27,056)	(27,056)	(27,056)	(27,056)	(374,921)
Seller Credit	0	0	0	0	0	0	0	0
Capital Replacement Reserve	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(357,000)
Capital Reserve Expenditures Depreciation	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(311,141)
GIC Income	0	0	0	0	0	0	0	0
Asset Management Fee	(9,138)	(9,366)	(9,601)	(9,841)	(10,087)	(10,339)	(10,597)	(130,114)
Nonprofit Fee	0	0	0	0	0	0	0	(41,412)
Partnership Management Fee	0	0	0	0	0	0	0	0
Supplemental Management Fee	0	0	0	0	0	0	0	0
Incentice Lease-up Fee	0	0	0	0	0	0	0	0
Annual Issuer Fee	(29,125)	(29,125)	(29,125)	(29,125)	(29,125)	(29,125)	(29,125)	(407,750)
Annual Monitoring Fee	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(25,500)	(357,000)
Incentive Management Fee	0	0	0	0	0	0	0	0
Tax Refund	0	0	0	0	0	0	0	151,135
Total Taxable Income/(Loss)	($1,592,219)	($1,575,430)	($1,558,373)	($1,538,975)	($1,519,313)	($1,497,223)	($1,474,687)	($23,979,444)
Investor Limited Partner :								
Taxable Income/(Loss)	($1,592,060)	($1,575,272)	($1,558,217)	($1,538,821)	($1,519,161)	($1,497,073)	($1,474,539)	($23,977,046)
Annual Credits	$1,501,954	$1,501,954	$1,501,954	$1,187,195	$0	$0	$0	$14,708,482
General Partner :								
Taxable Income/(Loss)	($159)	($158)	($156)	($154)	($152)	($150)	($147)	($2,398)
Annual Credits	$150	$150	$150	$0	$0	$0	$0	$1,352

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION

DEPRECIATION EXPENSE

Cost Segregation Analysis

	Acquisition	26,800,000	Rehab	15,539,848
Depreciable Basis - Real Prop.	89.0%	$23,855,000	94.5%	$14,689,848
Land Improvements	10.7%	2,860,000	0.0%	0
Depreciable Basis - Personal Prop.	0.3%	85,000	5.5%	850,000
Total Depreciable Basis	100%	$26,800,000	100%	$15,539,848

		Real Property, Acquisition		Real Property, Rehab		Land Improvements, Acquisition		Personal Property, Acquisition		Personal Property, Rehab		Total
Date Placed in Service		5/1/2017		5/1/2018		5/1/2017		5/1/2017		5/1/2018		
Depreciable/Amortizable Basis		$23,855,000		$14,689,848		$2,860,000		$85,000		$850,000		$42,339,848
Depreciable/Amortizable Life		27.5 Years		27.5 Years		15 Years		5 years		5 years		
Calendar Year	Project Year			Depr. %		Depr. %		Depr. %		Depr. %		
2017	1	1.364%	$325,295	0.000%	$0	5.000%	$143,000	20.00%	$17,000			$485,295
2018	2	3.636%	867,368	1.364%	200,316	9.500%	271,700	32.00%	27,200	20.00%	$170,000	1,536,584
2019	3	3.636%	867,368	3.636%	534,123	8.550%	244,530	19.20%	16,320	32.00%	272,000	1,934,341
2020	4	3.636%	867,368	3.636%	534,123	7.700%	220,220	11.52%	9,792	19.20%	163,200	1,794,703
2021	5	3.636%	867,368	3.636%	534,123	6.930%	198,198	11.52%	9,792	11.52%	97,920	1,707,401
2022	6	3.636%	867,368	3.636%	534,123	6.230%	178,178	5.76%	4,896	11.52%	97,920	1,682,485
2023	7	3.636%	867,368	3.636%	534,123	5.900%	168,740			5.76%	48,960	1,619,191
2024	8	3.636%	867,368	3.636%	534,123	5.900%	168,740					1,570,231
2025	9	3.636%	867,368	3.636%	534,123	5.910%	169,026					1,570,517
2026	10	3.636%	867,368	3.636%	534,123	5.900%	168,740					1,570,231
2027	11	3.637%	867,606	3.637%	534,270	5.910%	169,026					1,570,902
2028	12	3.636%	867,368	3.636%	534,123	5.900%	168,740					1,570,231
2029	13	3.637%	867,606	3.637%	534,270	5.910%	169,026					1,570,902
2030	14	3.636%	867,368	3.636%	534,123	5.900%	168,740					1,570,231
2031	15	3.637%	867,606	3.637%	534,270	5.910%	169,026					1,570,902
2032	16	3.636%	867,368	3.636%	534,123	2.950%	84,370					1,485,861
2033	17	3.637%	867,606	3.637%	534,270							1,401,876
2034	18	3.636%	867,368	3.636%	534,123							1,401,491
2035	19	3.637%	867,606	3.637%	534,270							1,401,876
2036	20	3.636%	867,368	3.636%	534,123							1,401,491
2037	21	3.637%	867,606	3.637%	534,270							1,401,876
2038	22	3.636%	867,368	3.636%	534,123							1,401,491
2039	23	3.637%	867,606	3.637%	534,270							1,401,876
2040	24	3.636%	867,368	3.636%	534,123							1,401,491
2041	25	3.637%	867,606	3.637%	534,270							1,401,876
2042	26	3.636%	867,368	3.636%	534,123							1,401,491
2043	27	3.637%	867,606	3.637%	534,270							1,401,876
2044	28	4.091%	975,995	3.636%	534,123							1,510,118
2045	29		-	3.637%	534,270							534,270
2046	30			0.454%	66,745							66,745
		100.000%	$23,855,000	100.000%	$14,689,848	100.000%	$2,860,000	100.000%	$85,000	100.000%	$850,000	$42,339,848

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
AMORTIZATION EXPENSE

AMORTIZATION EXPENSE

		Tax Credit Fee	Organization Costs	Permanent Loan Fees	Total
		1/1/2012	1/1/2017	5/1/2018	
		$146,805	$20,000	$557,750	$724,555
		15 Years	15 Years	35 Years	
Calendar Year	Project Year				
2017	1	$0	$1,333	$1,328	$2,661
2018	2	3,262	1,333	15,936	20,531
2019	3	9,787	1,333	15,936	27,056
2020	4	9,787	1,333	15,936	27,056
2021	5	9,787	1,333	15,936	27,056
2022	6	9,787	1,333	15,936	27,056
2023	7	9,787	1,333	15,936	27,056
2024	8	9,787	1,333	15,936	27,056
2025	9	9,787	1,333	15,936	27,056
2026	10	9,787	1,333	15,936	27,056
2027	11	9,787	1,333	15,936	27,056
2028	12	9,787	1,333	15,936	27,056
2029	13	9,787	1,333	15,936	27,056
2030	14	9,787	1,333	15,936	27,056
2031	15	9,787	1,333	15,936	27,056
2032	16	9,787	0	15,936	25,723
2033	17	6,525		15,936	22,460
2034	18			15,936	15,936
2035	19			15,936	15,936
2036	20			15,936	15,936
2037	21			15,936	15,936
2038	22			15,936	15,936
2039	23			15,936	15,936
2040	24			15,936	15,936
2041	25			15,936	15,936
2042	26			15,936	15,936
2043	27			15,936	15,936
2044	28			15,936	15,936
2045	29			15,936	15,936
2046	30			15,936	15,936
2047	31			15,936	15,936
2048	32			15,936	15,936
2049	33			15,936	15,936
2050	34			15,936	15,936
2051	35			15,936	15,936
2052	36			14,608	14,608
2053	37				0
		$146,805	$20,000	$557,750	$724,555

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
REPLACEMENT RESERVES DEPRECIATION

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Depr.
		25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	357,000
2017	20.00%	5,100														5,100
2018	32.00%	8,160	5,100													13,260
2019	19.20%	4,896	8,160	5,100												18,156
2020	11.52%	2,938	4,896	8,160	5,100											21,094
2021	11.52%	2,938	2,938	4,896	8,160	5,100										24,031
2022	5.76%	1,469	2,938	2,938	4,896	8,160	5,100									25,500
2023			1,469	2,938	2,938	4,896	8,160	5,100								25,500
2024				1,469	2,938	2,938	4,896	8,160	5,100							25,500
2025					1,469	2,938	2,938	4,896	8,160	5,100						25,500
2026						1,469	2,938	2,938	4,896	8,160	5,100					25,500
2027							1,469	2,938	2,938	4,896	8,160	5,100				25,500
2028								1,469	2,938	2,938	4,896	8,160	5,100			25,500
2029									1,469	2,938	2,938	4,896	8,160	5,100		25,500
2030										1,469	2,938	2,938	4,896	8,160	5,100	25,500
2031											1,469	2,938	2,938	4,896	8,160	20,400
2032												1,469	2,938	2,938	4,896	12,240
2033													1,469	2,938	2,938	7,344
2034														1,469	2,938	4,406
2035															1,469	1,469
2036																0
2037																0
2038																
		$25,500	$25,500	$25,500	$25,500	$25,500	$25,500	$25,500	$25,500	$25,500	$25,500	$25,500	$25,500	$25,500	$25,500	$357,000
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE A

Loan Amount	23,300,000	1.2405	Desired annual debt service	$1,445,353
Construction interest rate	4.500%	1.1500	Desired monthly debt service	$120,446
Perm loan interest rate	4.500%		Loan amount	25,450,472
Term	35			
Amortization Period	35			
Annual Debt Service	1,323,226			

Annual MIP rate	0.00%	of mortgage	$0
MIP paid in advance	0.00%	of mortgage	$0
FHA Application fees	0.00%	of mortgage	$0
FHA Inspection fees	0.00%	of rehab costs	$0
Working capital deposit %	0.00%	of mortgage	$0

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
1	23,300,000	0.38%	87,375	(110,269)	23,277,106			1	2017	
2	23,277,106	0.38%	87,289	(110,269)	23,254,127			2		
3	23,254,127	0.38%	87,203	(110,269)	23,231,061			3		
4	23,231,061	0.38%	87,116	(110,269)	23,207,908			4		
5	23,207,908	0.38%	87,030	(110,269)	23,184,669			5		
6	23,184,669	0.38%	86,943	(110,269)	23,161,343			6		
7	23,161,343	0.38%	86,855	(110,269)	23,137,929			7		
8	23,137,929	0.38%	86,767	(110,269)	23,114,427			8		
9	23,114,427	0.38%	86,679	(110,269)	23,090,838			9		
10	23,090,838	0.38%	86,591	(110,269)	23,067,160			10		
11	23,067,160	0.38%	86,502	(110,269)	23,043,393			11		
12	23,043,393	0.38%	86,413	(110,269)	23,019,537	1,042,762	280,463	12		1,323,226
13	23,019,537	0.38%	86,323	(110,269)	22,995,591			1	2018	
14	22,995,591	0.38%	86,233	(110,269)	22,971,556			2		
15	22,971,556	0.38%	86,143	(110,269)	22,947,430			3		
16	22,947,430	0.38%	86,053	(110,269)	22,923,214			4		
17	22,923,214	0.38%	85,962	(110,269)	22,898,907			5		
18	22,898,907	0.38%	85,871	(110,269)	22,874,509			6		
19	22,874,509	0.38%	85,779	(110,269)	22,850,020			7		
20	22,850,020	0.38%	85,688	(110,269)	22,825,439			8		
21	22,825,439	0.38%	85,595	(110,269)	22,800,765			9		
22	22,800,765	0.38%	85,503	(110,269)	22,775,999			10		
23	22,775,999	0.38%	85,410	(110,269)	22,751,141			11		
24	22,751,141	0.38%	85,317	(110,269)	22,726,189	1,029,878	293,348	12		1,323,226
25	22,726,189	0.38%	85,223	(110,269)	22,701,143			1	2019	
26	22,701,143	0.38%	85,129	(110,269)	22,676,003			2		
27	22,676,003	0.38%	85,035	(110,269)	22,650,770			3		
28	22,650,770	0.38%	84,940	(110,269)	22,625,441			4		
29	22,625,441	0.38%	84,845	(110,269)	22,600,018			5		
30	22,600,018	0.38%	84,750	(110,269)	22,574,499			6		
31	22,574,499	0.38%	84,654	(110,269)	22,548,885			7		
32	22,548,885	0.38%	84,558	(110,269)	22,523,174			8		
33	22,523,174	0.38%	84,462	(110,269)	22,497,367			9		
34	22,497,367	0.38%	84,365	(110,269)	22,471,464			10		
35	22,471,464	0.38%	84,268	(110,269)	22,445,463			11		
36	22,445,463	0.38%	84,170	(110,269)	22,419,364	1,016,402	306,824	12		1,323,226
37	22,419,364	0.38%	84,073	(110,269)	22,393,168			1	2020	
38	22,393,168	0.38%	83,974	(110,269)	22,366,874			2		
39	22,366,874	0.38%	83,876	(110,269)	22,340,481			3		
40	22,340,481	0.38%	83,777	(110,269)	22,313,989			4		
41	22,313,989	0.38%	83,677	(110,269)	22,287,397			5		
42	22,287,397	0.38%	83,578	(110,269)	22,260,706			6		
43	22,260,706	0.38%	83,478	(110,269)	22,233,915			7		
44	22,233,915	0.38%	83,377	(110,269)	22,207,023			8		
45	22,207,023	0.38%	83,276	(110,269)	22,180,031			9		
46	22,180,031	0.38%	83,175	(110,269)	22,152,937			10		
47	22,152,937	0.38%	83,074	(110,269)	22,125,742			11		
48	22,125,742	0.38%	82,972	(110,269)	22,098,445	1,002,306	320,920	12		1,323,226
49	22,098,445	0.38%	82,869	(110,269)	22,071,045			1	2021	
50	22,071,045	0.38%	82,766	(110,269)	22,043,543			2		
51	22,043,543	0.38%	82,663	(110,269)	22,015,937			3		
52	22,015,937	0.38%	82,560	(110,269)	21,988,228			4		
53	21,988,228	0.38%	82,456	(110,269)	21,960,415			5		
54	21,960,415	0.38%	82,352	(110,269)	21,932,498			6		
55	21,932,498	0.38%	82,247	(110,269)	21,904,476			7		
56	21,904,476	0.38%	82,142	(110,269)	21,876,349			8		

Bella Vista San Diego, CA 92113
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TAX-EXEMPT BONDS-TRANCHE A

Loan Amount	23,300,000	1.2405	Desired annual debt service	$1,445,353
Construction interest rate	4.500%	1.1500	Desired monthly debt service	$120,446
Perm loan interest rate	4.500%		Loan amount	25,450,472
Term	35			
Amortization Period	35			
Annual Debt Service	1,323,226			

Annual MIP rate	0.00%	of mortgage	$0
MIP paid in advance	0.00%	of mortgage	$0
FHA Application fees	0.00%	of mortgage	$0
FHA Inspection fees	0.00%	of rehab costs	$0
Working capital deposit %	0.00%	of mortgage	$0

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
57	21,876,349	0.38%	82,036	(110,269)	21,848,116			9		
58	21,848,116	0.38%	81,930	(110,269)	21,819,778			10		
59	21,819,778	0.38%	81,824	(110,269)	21,791,333			11		
60	21,791,333	0.38%	81,717	(110,269)	21,762,782	987,563	335,663	12		1,323,226
61	21,762,782	0.38%	81,610	(110,269)	21,734,124			1	2022	
62	21,734,124	0.38%	81,503	(110,269)	21,705,358			2		
63	21,705,358	0.38%	81,395	(110,269)	21,676,484			3		
64	21,676,484	0.38%	81,287	(110,269)	21,647,502			4		
65	21,647,502	0.38%	81,178	(110,269)	21,618,411			5		
66	21,618,411	0.38%	81,069	(110,269)	21,589,211			6		
67	21,589,211	0.38%	80,960	(110,269)	21,559,902			7		
68	21,559,902	0.38%	80,850	(110,269)	21,530,483			8		
69	21,530,483	0.38%	80,739	(110,269)	21,500,953			9		
70	21,500,953	0.38%	80,629	(110,269)	21,471,313			10		
71	21,471,313	0.38%	80,517	(110,269)	21,441,562			11		
72	21,441,562	0.38%	80,406	(110,269)	21,411,699	972,143	351,083	12		1,323,226
73	21,411,699	0.38%	80,294	(110,269)	21,381,724			1	2023	
74	21,381,724	0.38%	80,181	(110,269)	21,351,637			2		
75	21,351,637	0.38%	80,069	(110,269)	21,321,436			3		
76	21,321,436	0.38%	79,955	(110,269)	21,291,123			4		
77	21,291,123	0.38%	79,842	(110,269)	21,260,696			5		
78	21,260,696	0.38%	79,728	(110,269)	21,230,155			6		
79	21,230,155	0.38%	79,613	(110,269)	21,199,499			7		
80	21,199,499	0.38%	79,498	(110,269)	21,168,728			8		
81	21,168,728	0.38%	79,383	(110,269)	21,137,842			9		
82	21,137,842	0.38%	79,267	(110,269)	21,106,840			10		
83	21,106,840	0.38%	79,151	(110,269)	21,075,722			11		
84	21,075,722	0.38%	79,034	(110,269)	21,044,487	956,014	367,212	12		1,323,226
85	21,044,487	0.38%	78,917	(110,269)	21,013,135			1	2024	
86	21,013,135	0.38%	78,799	(110,269)	20,981,666			2		
87	20,981,666	0.38%	78,681	(110,269)	20,950,078			3		
88	20,950,078	0.38%	78,563	(110,269)	20,918,372			4		
89	20,918,372	0.38%	78,444	(110,269)	20,886,547			5		
90	20,886,547	0.38%	78,325	(110,269)	20,854,603			6		
91	20,854,603	0.38%	78,205	(110,269)	20,822,539			7		
92	20,822,539	0.38%	78,085	(110,269)	20,790,354			8		
93	20,790,354	0.38%	77,964	(110,269)	20,758,049			9		
94	20,758,049	0.38%	77,843	(110,269)	20,725,623			10		
95	20,725,623	0.38%	77,721	(110,269)	20,693,076			11		
96	20,693,076	0.38%	77,599	(110,269)	20,660,406	939,144	384,081	12		1,323,226
97	20,660,406	0.38%	77,477	(110,269)	20,627,614			1	2025	
98	20,627,614	0.38%	77,354	(110,269)	20,594,698			2		
99	20,594,698	0.38%	77,230	(110,269)	20,561,660			3		
100	20,561,660	0.38%	77,106	(110,269)	20,528,497			4		
101	20,528,497	0.38%	76,982	(110,269)	20,495,210			5		
102	20,495,210	0.38%	76,857	(110,269)	20,461,798			6		
103	20,461,798	0.38%	76,732	(110,269)	20,428,261			7		
104	20,428,261	0.38%	76,606	(110,269)	20,394,598			8		
105	20,394,598	0.38%	76,480	(110,269)	20,360,809			9		
106	20,360,809	0.38%	76,353	(110,269)	20,326,893			10		
107	20,326,893	0.38%	76,226	(110,269)	20,292,851			11		
108	20,292,851	0.38%	76,098	(110,269)	20,258,680	921,500	401,726	12		1,323,226
109	20,258,680	0.38%	75,970	(110,269)	20,224,381			1	2026	
110	20,224,381	0.38%	75,841	(110,269)	20,189,954			2		
111	20,189,954	0.38%	75,712	(110,269)	20,155,397			3		
112	20,155,397	0.38%	75,583	(110,269)	20,120,711			4		
113	20,120,711	0.38%	75,453	(110,269)	20,085,895			5		

Bella Vista San Diego, CA 92113
PROJECT
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TAX-EXEMPT BONDS-TRANCHE A

Loan Amount	23,300,000	1.2405	Desired annual debt service	$1,445,353
Construction interest rate	4.500%	1.1500	Desired monthly debt service	$120,446
Perm loan interest rate	4.500%		Loan amount	25,450,472
Term	35			
Amortization Period	35			
Annual Debt Service	1,323,226			

Annual MIP rate	0.00% of mortgage	$0
MIP paid in advance	0.00% of mortgage	$0
FHA Application fees	0.00% of mortgage	$0
FHA Inspection fees	0.00% of rehab costs	$0
Working capital deposit %	0.00% of mortgage	$0

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
114	20,085,895	0.38%	75,322	(110,269)	20,050,948			6		
115	20,050,948	0.38%	75,191	(110,269)	20,015,871			7		
116	20,015,871	0.38%	75,060	(110,269)	19,980,661			8		
117	19,980,661	0.38%	74,927	(110,269)	19,945,320			9		
118	19,945,320	0.38%	74,795	(110,269)	19,909,846			10		
119	19,909,846	0.38%	74,662	(110,269)	19,874,239			11		
120	19,874,239	0.38%	74,528	(110,269)	19,838,499	903,045	420,181	12		1,323,226
121	19,838,499	0.38%	74,394	(110,269)	19,802,624			1	2027	
122	19,802,624	0.38%	74,260	(110,269)	19,766,615			2		
123	19,766,615	0.38%	74,125	(110,269)	19,730,471			3		
124	19,730,471	0.38%	73,989	(110,269)	19,694,192			4		
125	19,694,192	0.38%	73,853	(110,269)	19,657,776			5		
126	19,657,776	0.38%	73,717	(110,269)	19,621,224			6		
127	19,621,224	0.38%	73,580	(110,269)	19,584,535			7		
128	19,584,535	0.38%	73,442	(110,269)	19,547,708			8		
129	19,547,708	0.38%	73,304	(110,269)	19,510,743			9		
130	19,510,743	0.38%	73,165	(110,269)	19,473,639			10		
131	19,473,639	0.38%	73,026	(110,269)	19,436,397			11		
132	19,436,397	0.38%	72,886	(110,269)	19,399,014	883,742	439,484	12		1,323,226
133	19,399,014	0.38%	72,746	(110,269)	19,361,492			1	2028	
134	19,361,492	0.38%	72,606	(110,269)	19,323,829			2		
135	19,323,829	0.38%	72,464	(110,269)	19,286,024			3		
136	19,286,024	0.38%	72,323	(110,269)	19,248,078			4		
137	19,248,078	0.38%	72,180	(110,269)	19,209,989			5		
138	19,209,989	0.38%	72,037	(110,269)	19,171,758			6		
139	19,171,758	0.38%	71,894	(110,269)	19,133,383			7		
140	19,133,383	0.38%	71,750	(110,269)	19,094,865			8		
141	19,094,865	0.38%	71,606	(110,269)	19,056,202			9		
142	19,056,202	0.38%	71,461	(110,269)	19,017,394			10		
143	19,017,394	0.38%	71,315	(110,269)	18,978,440			11		
144	18,978,440	0.38%	71,169	(110,269)	18,939,340	863,552	459,674	12		1,323,226
145	18,939,340	0.38%	71,023	(110,269)	18,900,094			1	2029	
146	18,900,094	0.38%	70,875	(110,269)	18,860,701			2		
147	18,860,701	0.38%	70,728	(110,269)	18,821,159			3		
148	18,821,159	0.38%	70,579	(110,269)	18,781,470			4		
149	18,781,470	0.38%	70,431	(110,269)	18,741,632			5		
150	18,741,632	0.38%	70,281	(110,269)	18,701,644			6		
151	18,701,644	0.38%	70,131	(110,269)	18,661,506			7		
152	18,661,506	0.38%	69,981	(110,269)	18,621,218			8		
153	18,621,218	0.38%	69,830	(110,269)	18,580,779			9		
154	18,580,779	0.38%	69,678	(110,269)	18,540,188			10		
155	18,540,188	0.38%	69,526	(110,269)	18,499,445			11		
156	18,499,445	0.38%	69,373	(110,269)	18,458,549	842,434	480,791	12		1,323,226
157	18,458,549	0.38%	69,220	(110,269)	18,417,500			1	2030	
158	18,417,500	0.38%	69,066	(110,269)	18,376,297			2		
159	18,376,297	0.38%	68,911	(110,269)	18,334,939			3		
160	18,334,939	0.38%	68,756	(110,269)	18,293,426			4		
161	18,293,426	0.38%	68,600	(110,269)	18,251,758			5		
162	18,251,758	0.38%	68,444	(110,269)	18,209,933			6		
163	18,209,933	0.38%	68,287	(110,269)	18,167,951			7		
164	18,167,951	0.38%	68,130	(110,269)	18,125,812			8		
165	18,125,812	0.38%	67,972	(110,269)	18,083,515			9		
166	18,083,515	0.38%	67,813	(110,269)	18,041,060			10		
167	18,041,060	0.38%	67,654	(110,269)	17,998,445			11		
168	17,998,445	0.38%	67,494	(110,269)	17,955,670	820,347	502,879	12		1,323,226
169	17,955,670	0.38%	67,334	(110,269)	17,912,735			1	2031	
170	17,912,735	0.38%	67,173	(110,269)	17,869,639			2		

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TAX-EXEMPT BONDS-TRANCHE A

Loan Amount	23,300,000	1.2405	Desired annual debt service	$1,445,353
Construction interest rate	4.500%	1.1500	Desired monthly debt service	$120,446
Perm loan interest rate	4.500%		Loan amount	25,450,472
Term	35			
Amortization Period	35			
Annual Debt Service	1,323,226			

Annual MIP rate	0.00%	of mortgage	$0
MIP paid in advance	0.00%	of mortgage	$0
FHA Application fees	0.00%	of mortgage	$0
FHA Inspection fees	0.00%	of rehab costs	$0
Working capital deposit %	0.00%	of mortgage	$0

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
171	17,869,639	0.38%	67,011	(110,269)	17,826,381			3		
172	17,826,381	0.38%	66,849	(110,269)	17,782,961			4		
173	17,782,961	0.38%	66,686	(110,269)	17,739,379			5		
174	17,739,379	0.38%	66,523	(110,269)	17,695,633			6		
175	17,695,633	0.38%	66,359	(110,269)	17,651,722			7		
176	17,651,722	0.38%	66,194	(110,269)	17,607,647			8		
177	17,607,647	0.38%	66,029	(110,269)	17,563,407			9		
178	17,563,407	0.38%	65,863	(110,269)	17,519,001			10		
179	17,519,001	0.38%	65,696	(110,269)	17,474,429			11		
180	17,474,429	0.38%	65,529	(110,269)	17,429,689	797,245	525,981	12		1,323,226
181	17,429,689	0.38%	65,361	(110,269)	17,384,782			1	2032	
182	17,384,782	0.38%	65,193	(110,269)	17,339,706			2		
183	17,339,706	0.38%	65,024	(110,269)	17,294,461			3		
184	17,294,461	0.38%	64,854	(110,269)	17,249,046			4		
185	17,249,046	0.38%	64,684	(110,269)	17,203,461			5		
186	17,203,461	0.38%	64,513	(110,269)	17,157,705			6		
187	17,157,705	0.38%	64,341	(110,269)	17,111,778			7		
188	17,111,778	0.38%	64,169	(110,269)	17,065,678			8		
189	17,065,678	0.38%	63,996	(110,269)	17,019,406			9		
190	17,019,406	0.38%	63,823	(110,269)	16,972,960			10		
191	16,972,960	0.38%	63,649	(110,269)	16,926,340			11		
192	16,926,340	0.38%	63,474	(110,269)	16,879,544	773,081	550,145	12		1,323,226
193	16,879,544	0.38%	63,298	(110,269)	16,832,574			2	2033	
194	16,832,574	0.38%	63,122	(110,269)	16,785,427			3		
195	16,785,427	0.38%	62,945	(110,269)	16,738,104			4		
196	16,738,104	0.38%	62,768	(110,269)	16,690,603			5		
197	16,690,603	0.38%	62,590	(110,269)	16,642,924			6		
198	16,642,924	0.38%	62,411	(110,269)	16,595,066			7		
199	16,595,066	0.38%	62,231	(110,269)	16,547,029			8		
200	16,547,029	0.38%	62,051	(110,269)	16,498,811			9		
201	16,498,811	0.38%	61,871	(110,269)	16,450,413			10		
202	16,450,413	0.38%	61,689	(110,269)	16,401,833			11		
203	16,401,833	0.38%	61,507	(110,269)	16,353,071			12		
204	16,353,071	0.38%	61,324	(110,269)	16,304,126	747,808	575,418	13		1,323,226
205	16,304,126	0.38%	61,140	(110,269)	16,254,998			3	2034	
206	16,254,998	0.38%	60,956	(110,269)	16,205,685			4		
207	16,205,685	0.38%	60,771	(110,269)	16,156,188			5		
208	16,156,188	0.38%	60,586	(110,269)	16,106,505			6		
209	16,106,505	0.38%	60,399	(110,269)	16,056,635			7		
210	16,056,635	0.38%	60,212	(110,269)	16,006,579			8		
211	16,006,579	0.38%	60,025	(110,269)	15,956,335			9		
212	15,956,335	0.38%	59,836	(110,269)	15,905,902			10		
213	15,905,902	0.38%	59,647	(110,269)	15,855,281			11		
214	15,855,281	0.38%	59,457	(110,269)	15,804,469			12		
215	15,804,469	0.38%	59,267	(110,269)	15,753,467			13		
216	15,753,467	0.38%	59,076	(110,269)	15,702,274	721,373	601,853	14		1,323,226
217	15,702,274	0.38%	58,884	(110,269)	15,650,888			4	2035	
218	15,650,888	0.38%	58,691	(110,269)	15,599,310			5		
219	15,599,310	0.38%	58,497	(110,269)	15,547,539			6		
220	15,547,539	0.38%	58,303	(110,269)	15,495,573			7		
221	15,495,573	0.38%	58,108	(110,269)	15,443,413			8		
222	15,443,413	0.38%	57,913	(110,269)	15,391,057			9		
223	15,391,057	0.38%	57,716	(110,269)	15,338,505			10		
224	15,338,505	0.38%	57,519	(110,269)	15,285,755			11		
225	15,285,755	0.38%	57,322	(110,269)	15,232,808			12		
226	15,232,808	0.38%	57,123	(110,269)	15,179,662			13		
227	15,179,662	0.38%	56,924	(110,269)	15,126,317			14		

Bella Vista San Diego, CA 92113
PROJECT
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TAX-EXEMPT BONDS-TRANCHE A

Loan Amount	23,300,000	1.2405	Desired annual debt service	$1,445,353
Construction interest rate	4.500%	1.1500	Desired monthly debt service	$120,446
Perm loan interest rate	4.500%		Loan amount	25,450,472
Term	35			
Amortization Period	35			
Annual Debt Service	1,323,226			

Annual MIP rate	0.00% of mortgage	$0
MIP paid in advance	0.00% of mortgage	$0
FHA Application fees	0.00% of mortgage	$0
FHA Inspection fees	0.00% of rehab costs	$0
Working capital deposit %	0.00% of mortgage	$0

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
228	15,126,317	0.38%	56,724	(110,269)	15,072,772	693,724	629,502	15		1,323,226
229	15,072,772	0.38%	56,523	(110,269)	15,019,026			5	2036	
230	15,019,026	0.38%	56,321	(110,269)	14,965,079			6		
231	14,965,079	0.38%	56,119	(110,269)	14,910,929			7		
232	14,910,929	0.38%	55,916	(110,269)	14,856,576			8		
233	14,856,576	0.38%	55,712	(110,269)	14,802,019			9		
234	14,802,019	0.38%	55,508	(110,269)	14,747,258			10		
235	14,747,258	0.38%	55,302	(110,269)	14,692,292			11		
236	14,692,292	0.38%	55,096	(110,269)	14,637,119			12		
237	14,637,119	0.38%	54,889	(110,269)	14,581,739			13		
238	14,581,739	0.38%	54,682	(110,269)	14,526,152			14		
239	14,526,152	0.38%	54,473	(110,269)	14,470,356			15		
240	14,470,356	0.38%	54,264	(110,269)	14,414,351	664,805	658,421	16		1,323,226
241	14,414,351	0.38%	54,054	(110,269)	14,358,136			6	2037	
242	14,358,136	0.38%	53,843	(110,269)	14,301,710			7		
243	14,301,710	0.38%	53,631	(110,269)	14,245,073			8		
244	14,245,073	0.38%	53,419	(110,269)	14,188,223			9		
245	14,188,223	0.38%	53,206	(110,269)	14,131,160			10		
246	14,131,160	0.38%	52,992	(110,269)	14,073,883			11		
247	14,073,883	0.38%	52,777	(110,269)	14,016,391			12		
248	14,016,391	0.38%	52,561	(110,269)	13,958,684			13		
249	13,958,684	0.38%	52,345	(110,269)	13,900,760			14		
250	13,900,760	0.38%	52,128	(110,269)	13,842,619			15		
251	13,842,619	0.38%	51,910	(110,269)	13,784,260			16		
252	13,784,260	0.38%	51,691	(110,269)	13,725,683	634,557	688,669	17		1,323,226
253	13,725,683	0.38%	51,471	(110,269)	13,666,885			7	2038	
254	13,666,885	0.38%	51,251	(110,269)	13,607,867			8		
255	13,607,867	0.38%	51,030	(110,269)	13,548,628			9		
256	13,548,628	0.38%	50,807	(110,269)	13,489,166			10		
257	13,489,166	0.38%	50,584	(110,269)	13,429,482			11		
258	13,429,482	0.38%	50,361	(110,269)	13,369,574			12		
259	13,369,574	0.38%	50,136	(110,269)	13,309,441			13		
260	13,309,441	0.38%	49,910	(110,269)	13,249,082			14		
261	13,249,082	0.38%	49,684	(110,269)	13,188,497			15		
262	13,188,497	0.38%	49,457	(110,269)	13,127,685			16		
263	13,127,685	0.38%	49,229	(110,269)	13,066,645			17		
264	13,066,645	0.38%	49,000	(110,269)	13,005,377	602,920	720,306	18		1,323,226
265	13,005,377	0.38%	48,770	(110,269)	12,943,878			8	2039	
266	12,943,878	0.38%	48,540	(110,269)	12,882,149			9		
267	12,882,149	0.38%	48,308	(110,269)	12,820,188			10		
268	12,820,188	0.38%	48,076	(110,269)	12,757,995			11		
269	12,757,995	0.38%	47,842	(110,269)	12,695,568			12		
270	12,695,568	0.38%	47,608	(110,269)	12,632,908			13		
271	12,632,908	0.38%	47,373	(110,269)	12,570,013			14		
272	12,570,013	0.38%	47,138	(110,269)	12,506,881			15		
273	12,506,881	0.38%	46,901	(110,269)	12,443,513			16		
274	12,443,513	0.38%	46,663	(110,269)	12,379,908			17		
275	12,379,908	0.38%	46,425	(110,269)	12,316,063			18		
276	12,316,063	0.38%	46,185	(110,269)	12,251,980	569,829	753,397	19		1,323,226
277	12,251,980	0.38%	45,945	(110,269)	12,187,656			9	2040	
278	12,187,656	0.38%	45,704	(110,269)	12,123,091			10		
279	12,123,091	0.38%	45,462	(110,269)	12,058,284			11		
280	12,058,284	0.38%	45,219	(110,269)	11,993,233			12		
281	11,993,233	0.38%	44,975	(110,269)	11,927,939			13		
282	11,927,939	0.38%	44,730	(110,269)	11,862,400			14		
283	11,862,400	0.38%	44,484	(110,269)	11,796,615			15		
284	11,796,615	0.38%	44,237	(110,269)	11,730,584			16		

Bella Vista San Diego, CA 92113
PROJECT
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TAX-EXEMPT BONDS-TRANCHE A

Loan Amount	23,300,000	1.2405	Desired annual debt service	$1,445,353
Construction interest rate	4.500%	1.1500	Desired monthly debt service	$120,446
Perm loan interest rate	4.500%		Loan amount	25,450,472
Term	35			
Amortization Period	35			
Annual Debt Service	1,323,226			

Annual MIP rate	0.00%	of mortgage	$0
MIP paid in advance	0.00%	of mortgage	$0
FHA Application fees	0.00%	of mortgage	$0
FHA Inspection fees	0.00%	of rehab costs	$0
Working capital deposit %	0.00%	of mortgage	$0

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
285	11,730,584	0.38%	43,990	(110,269)	11,664,305			17		
286	11,664,305	0.38%	43,741	(110,269)	11,597,777			18		
287	11,597,777	0.38%	43,492	(110,269)	11,531,000			19		
288	11,531,000	0.38%	43,241	(110,269)	11,463,972	535,218	788,008	20		1,323,226
289	11,463,972	0.38%	42,990	(110,269)	11,396,693			10	2041	
290	11,396,693	0.38%	42,738	(110,269)	11,329,162			11		
291	11,329,162	0.38%	42,484	(110,269)	11,261,378			12		
292	11,261,378	0.38%	42,230	(110,269)	11,193,339			13		
293	11,193,339	0.38%	41,975	(110,269)	11,125,045			14		
294	11,125,045	0.38%	41,719	(110,269)	11,056,495			15		
295	11,056,495	0.38%	41,462	(110,269)	10,987,688			16		
296	10,987,688	0.38%	41,204	(110,269)	10,918,623			17		
297	10,918,623	0.38%	40,945	(110,269)	10,849,299			18		
298	10,849,299	0.38%	40,685	(110,269)	10,779,715			19		
299	10,779,715	0.38%	40,424	(110,269)	10,709,871			20		
300	10,709,871	0.38%	40,162	(110,269)	10,639,764	499,017	824,209	21		1,323,226
301	10,639,764	0.38%	39,899	(110,269)	10,569,394			11	2042	
302	10,569,394	0.38%	39,635	(110,269)	10,498,760			12		
303	10,498,760	0.38%	39,370	(110,269)	10,427,862			13		
304	10,427,862	0.38%	39,104	(110,269)	10,356,698			14		
305	10,356,698	0.38%	38,838	(110,269)	10,285,266			15		
306	10,285,266	0.38%	38,570	(110,269)	10,213,567			16		
307	10,213,567	0.38%	38,301	(110,269)	10,141,599			17		
308	10,141,599	0.38%	38,031	(110,269)	10,069,362			18		
309	10,069,362	0.38%	37,760	(110,269)	9,996,853			19		
310	9,996,853	0.38%	37,488	(110,269)	9,924,072			20		
311	9,924,072	0.38%	37,215	(110,269)	9,851,019			21		
312	9,851,019	0.38%	36,941	(110,269)	9,777,691	461,153	862,073	22		1,323,226
313	9,777,691	0.38%	36,666	(110,269)	9,704,089			12	2043	
314	9,704,089	0.38%	36,390	(110,269)	9,630,210			13		
315	9,630,210	0.38%	36,113	(110,269)	9,556,055			14		
316	9,556,055	0.38%	35,835	(110,269)	9,481,621			15		
317	9,481,621	0.38%	35,556	(110,269)	9,406,908			16		
318	9,406,908	0.38%	35,276	(110,269)	9,331,916			17		
319	9,331,916	0.38%	34,995	(110,269)	9,256,641			18		
320	9,256,641	0.38%	34,712	(110,269)	9,181,085			19		
321	9,181,085	0.38%	34,429	(110,269)	9,105,245			20		
322	9,105,245	0.38%	34,145	(110,269)	9,029,121			21		
323	9,029,121	0.38%	33,859	(110,269)	8,952,711			22		
324	8,952,711	0.38%	33,573	(110,269)	8,876,015	421,550	901,676	23		1,323,226
325	8,876,015	0.38%	33,285	(110,269)	8,799,032			13	2044	
326	8,799,032	0.38%	32,996	(110,269)	8,721,759			14		
327	8,721,759	0.38%	32,707	(110,269)	8,644,197			15		
328	8,644,197	0.38%	32,416	(110,269)	8,566,344			16		
329	8,566,344	0.38%	32,124	(110,269)	8,488,199			17		
330	8,488,199	0.38%	31,831	(110,269)	8,409,761			18		
331	8,409,761	0.38%	31,537	(110,269)	8,331,028			19		
332	8,331,028	0.38%	31,241	(110,269)	8,252,001			20		
333	8,252,001	0.38%	30,945	(110,269)	8,172,677			21		
334	8,172,677	0.38%	30,648	(110,269)	8,093,056			22		
335	8,093,056	0.38%	30,349	(110,269)	8,013,136			23		
336	8,013,136	0.38%	30,049	(110,269)	7,932,916	380,127	943,099	24		1,323,226
337	7,932,916	0.38%	29,748	(110,269)	7,852,396			14	2045	
338	7,852,396	0.38%	29,446	(110,269)	7,771,574			15		
339	7,771,574	0.38%	29,143	(110,269)	7,690,448			16		
340	7,690,448	0.38%	28,839	(110,269)	7,609,019			17		
341	7,609,019	0.38%	28,534	(110,269)	7,527,284			18		

Bella Vista San Diego, CA 92113
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TAX-EXEMPT BONDS-TRANCHE A

Loan Amount	23,300,000	1.2405	Desired annual debt service	$1,445,353
Construction interest rate	4.500%	1.1500	Desired monthly debt service	$120,446
Perm loan interest rate	4.500%		Loan amount	25,450,472
Term	35			
Amortization Period	35			
Annual Debt Service	1,323,226			

Annual MIP rate	0.00% of mortgage	$0
MIP paid in advance	0.00% of mortgage	$0
FHA Application fees	0.00% of mortgage	$0
FHA Inspection fees	0.00% of rehab costs	$0
Working capital deposit %	0.00% of mortgage	$0

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
342	7,527,284	0.38%	28,227	(110,269)	7,445,242			19		
343	7,445,242	0.38%	27,920	(110,269)	7,362,893			20		
344	7,362,893	0.38%	27,611	(110,269)	7,280,235			21		
345	7,280,235	0.38%	27,301	(110,269)	7,197,267			22		
346	7,197,267	0.38%	26,990	(110,269)	7,113,988			23		
347	7,113,988	0.38%	26,677	(110,269)	7,030,397			24		
348	7,030,397	0.38%	26,364	(110,269)	6,946,492	336,801	986,425	25		1,323,226
349	6,946,492	0.38%	26,049	(110,269)	6,862,272			15	2046	
350	6,862,272	0.38%	25,734	(110,269)	6,777,737			16		
351	6,777,737	0.38%	25,417	(110,269)	6,692,885			17		
352	6,692,885	0.38%	25,098	(110,269)	6,607,714			18		
353	6,607,714	0.38%	24,779	(110,269)	6,522,224			19		
354	6,522,224	0.38%	24,458	(110,269)	6,436,414			20		
355	6,436,414	0.38%	24,137	(110,269)	6,350,282			21		
356	6,350,282	0.38%	23,814	(110,269)	6,263,826			22		
357	6,263,826	0.38%	23,489	(110,269)	6,177,047			23		
358	6,177,047	0.38%	23,164	(110,269)	6,089,942			24		
359	6,089,942	0.38%	22,837	(110,269)	6,002,511			25		
360	6,002,511	0.38%	22,509	(110,269)	5,914,751	291,485	1,031,741	26		1,323,226
361	5,914,751	0.38%	22,180	(110,269)	5,826,663			16	2047	
362	5,826,663	0.38%	21,850	(110,269)	5,738,244			17		
363	5,738,244	0.38%	21,518	(110,269)	5,649,493			18		
364	5,649,493	0.38%	21,186	(110,269)	5,560,410			19		
365	5,560,410	0.38%	20,852	(110,269)	5,470,993			20		
366	5,470,993	0.38%	20,516	(110,269)	5,381,240			21		
367	5,381,240	0.38%	20,180	(110,269)	5,291,151			22		
368	5,291,151	0.38%	19,842	(110,269)	5,200,724			23		
369	5,200,724	0.38%	19,503	(110,269)	5,109,958			24		
370	5,109,958	0.38%	19,162	(110,269)	5,018,852			25		
371	5,018,852	0.38%	18,821	(110,269)	4,927,403			26		
372	4,927,403	0.38%	18,478	(110,269)	4,835,612	244,087	1,079,139	27		1,323,226
373	4,835,612	0.38%	18,134	(110,269)	4,743,477			17	2048	
374	4,743,477	0.38%	17,788	(110,269)	4,650,996			18		
375	4,650,996	0.38%	17,441	(110,269)	4,558,169			19		
376	4,558,169	0.38%	17,093	(110,269)	4,464,993			20		
377	4,464,993	0.38%	16,744	(110,269)	4,371,468			21		
378	4,371,468	0.38%	16,393	(110,269)	4,277,592			22		
379	4,277,592	0.38%	16,041	(110,269)	4,183,364			23		
380	4,183,364	0.38%	15,688	(110,269)	4,088,783			24		
381	4,088,783	0.38%	15,333	(110,269)	3,993,847			25		
382	3,993,847	0.38%	14,977	(110,269)	3,898,555			26		
383	3,898,555	0.38%	14,620	(110,269)	3,802,906			27		
384	3,802,906	0.38%	14,261	(110,269)	3,706,898	194,512	1,128,714	28		1,323,226
385	3,706,898	0.38%	13,901	(110,269)	3,610,530			18	2049	
386	3,610,530	0.38%	13,539	(110,269)	3,513,801			19		
387	3,513,801	0.38%	13,177	(110,269)	3,416,709			20		
388	3,416,709	0.38%	12,813	(110,269)	3,319,253			21		
389	3,319,253	0.38%	12,447	(110,269)	3,221,431			22		
390	3,221,431	0.38%	12,080	(110,269)	3,123,243			23		
391	3,123,243	0.38%	11,712	(110,269)	3,024,686			24		
392	3,024,686	0.38%	11,343	(110,269)	2,925,760			25		
393	2,925,760	0.38%	10,972	(110,269)	2,826,462			26		
394	2,826,462	0.38%	10,599	(110,269)	2,726,793			27		
395	2,726,793	0.38%	10,225	(110,269)	2,626,749			28		
396	2,626,749	0.38%	9,850	(110,269)	2,526,331	142,659	1,180,567	29		1,323,226
397	2,526,331	0.38%	9,474	(110,269)	2,425,536			19	2050	
398	2,425,536	0.38%	9,096	(110,269)	2,324,363			20		

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE A

Loan Amount	23,300,000	1.2405	Desired annual debt service	$1,445,353
Construction interest rate	4.500%	1.1500	Desired monthly debt service	$120,446
Perm loan interest rate	4.500%		Loan amount	25,450,472
Term	35			
Amortization Period	35			
Annual Debt Service	1,323,226			

Annual MIP rate	0.00%	of mortgage	$0
MIP paid in advance	0.00%	of mortgage	$0
FHA Application fees	0.00%	of mortgage	$0
FHA Inspection fees	0.00%	of rehab costs	$0
Working capital deposit %	0.00%	of mortgage	$0

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
399	2,324,363	0.38%	8,716	(110,269)	2,222,810			21		
400	2,222,810	0.38%	8,336	(110,269)	2,120,877			22		
401	2,120,877	0.38%	7,953	(110,269)	2,018,562			23		
402	2,018,562	0.38%	7,570	(110,269)	1,915,862			24		
403	1,915,862	0.38%	7,184	(110,269)	1,812,778			25		
404	1,812,778	0.38%	6,798	(110,269)	1,709,307			26		
405	1,709,307	0.38%	6,410	(110,269)	1,605,448			27		
406	1,605,448	0.38%	6,020	(110,269)	1,501,200			28		
407	1,501,200	0.38%	5,629	(110,269)	1,396,561			29		
408	1,396,561	0.38%	5,237	(110,269)	1,291,529	88,424	1,234,802	30		1,323,226
409	1,291,529	0.38%	4,843	(110,269)	1,186,103			20	2051	
410	1,186,103	0.38%	4,448	(110,269)	1,080,282			21		
411	1,080,282	0.38%	4,051	(110,269)	974,065			22		
412	974,065	0.38%	3,653	(110,269)	867,448			23		
413	867,448	0.38%	3,253	(110,269)	760,433			24		
414	760,433	0.38%	2,852	(110,269)	653,015			25		
415	653,015	0.38%	2,449	(110,269)	545,195			26		
416	545,195	0.38%	2,044	(110,269)	436,971			27		
417	436,971	0.38%	1,639	(110,269)	328,341			28		
418	328,341	0.38%	1,231	(110,269)	219,303			29		
419	219,303	0.38%	822	(110,269)	109,857			30		
420	109,857	0.38%	412	(110,269)	(0)	31,697	1,291,529	31		1,323,226
					TOTAL	$23,012,904	$23,300,000			
					Check		0			

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE B

Loan Amount	12,700,000
Construction interest rate	4.000%
Perm loan interest rate	4.000%
Term	2
Amortization Period	0
Annual Debt Service	#NUM!

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
1	12,700,000	0.33%	42,333	(42,333)	12,700,000			1	2017	
2	12,700,000	0.33%	42,333	(42,333)	12,700,000			2		
3	12,700,000	0.33%	42,333	(42,333)	12,700,000			3		
4	12,700,000	0.33%	42,333	(42,333)	12,700,000			4		
5	12,700,000	0.33%	42,333	(42,333)	12,700,000			5		
6	12,700,000	0.33%	42,333	(42,333)	12,700,000			6		
7	12,700,000	0.33%	42,333	(42,333)	12,700,000			7		0
8	12,700,000	0.33%	42,333	(42,333)	12,700,000			8		
9	12,700,000	0.33%	42,333	(42,333)	12,700,000			9		
10	12,700,000	0.33%	42,333	(42,333)	12,700,000			10		
11	12,700,000	0.33%	42,333	(42,333)	12,700,000			11		
12	12,700,000	0.33%	42,333	(42,333)	12,700,000	508,000	0	12		508,000
13	12,700,000	0.33%	42,333	(42,333)	12,700,000			1	2018	
14	12,700,000	0.33%	42,333	(42,333)	12,700,000			2		
15	12,700,000	0.33%	42,333	(42,333)	12,700,000			3		
16	12,700,000	0.33%	42,333	(42,333)	12,700,000			4		
17	12,700,000	0.33%	42,333	(42,333)	12,700,000			5		
18	12,700,000	0.33%	42,333	(42,333)	12,700,000			6		
19	12,700,000	0.33%	42,333	(42,333)	12,700,000			7		
20	12,700,000	0.33%	42,333	(42,333)	12,700,000			8		
21	12,700,000	0.33%	42,333	(42,333)	12,700,000			9		
22	12,700,000	0.33%	42,333	(42,333)	12,700,000			10		
23	12,700,000	0.33%	42,333	(42,333)	12,700,000			11		
24	12,700,000	0.33%	42,333	(42,333)	12,700,000	508,000	0	12		508,000
25		0.33%	0		0			1	2019	
26	0	0.33%	0	0	0			2		
27	0	0.33%	0	0	0			3		
28	0	0.33%	0	0	0			4		
29	0	0.33%	0	0	0			5		
30	0	0.33%	0	0	0			6		
31	0	0.33%	0	0	0			7		
32	0	0.33%	0	0	0			8		
33	0	0.33%	0	0	0			9		
34	0	0.33%	0	0	0			10		
35	0	0.33%	0	0	0			11		
36	0	0.33%	0	0	0	0	0	12		0
37	0	0.33%	0	0	0			1	2020	
38	0	0.33%	0	0	0			2		
39	0	0.33%	0	0	0			3		
40	0	0.33%	0	0	0			4		
41	0	0.33%	0	0	0			5		
42	0	0.33%	0	0	0			6		
43	0	0.33%	0	0	0			7		
44	0	0.33%	0	0	0			8		
45	0	0.33%	0	0	0			9		
46	0	0.33%	0	0	0			10		
47	0	0.33%	0	0	0			11		
48	0	0.33%	0	0	0	0	0	12		0
49	0	0.33%	0	0	0			1	2021	
50	0	0.33%	0	0	0			2		
51	0	0.33%	0	0	0			3		
52	0	0.33%	0	0	0			4		
53	0	0.33%	0	0	0			5		
54	0	0.33%	0	0	0			6		
55	0	0.33%	0	0	0			7		
56	0	0.33%	0	0	0			8		

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE B

Loan Amount	12,700,000
Construction interest rate	4.000%
Perm loan interest rate	4.000%
Term	2
Amortization Period	0
Annual Debt Service	#NUM!

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
57	0	0.33%	0	0	0			9		
58	0	0.33%	0	0	0			10		
59	0	0.33%	0	0	0			11		
60	0	0.33%	0	0	0	0	0	12		0
61	0	0.33%	0	0	0			1	2022	
62	0	0.33%	0	0	0			2		
63	0	0.33%	0	0	0			3		
64	0	0.33%	0	0	0			4		
65	0	0.33%	0	0	0			5		
66	0	0.33%	0	0	0			6		
67	0	0.33%	0	0	0			7		
68	0	0.33%	0	0	0			8		
69	0	0.33%	0	0	0			9		
70	0	0.33%	0	0	0			10		
71	0	0.33%	0	0	0			11		
72	0	0.33%	0	0	0	0	0	12		0
73	0	0.33%	0	0	0			1	2023	
74	0	0.33%	0	0	0			2		
75	0	0.33%	0	0	0			3		
76	0	0.33%	0	0	0			4		
77	0	0.33%	0	0	0			5		
78	0	0.33%	0	0	0			6		
79	0	0.33%	0	0	0			7		
80	0	0.33%	0	0	0			8		
81	0	0.33%	0	0	0			9		
82	0	0.33%	0	0	0			10		
83	0	0.33%	0	0	0			11		
84	0	0.33%	0	0	0	0	0	12		0
85	0	0.33%	0	0	0			1	2024	
86	0	0.33%	0	0	0			2		
87	0	0.33%	0	0	0			3		
88	0	0.33%	0	0	0			4		
89	0	0.33%	0	0	0			5		
90	0	0.33%	0	0	0			6		
91	0	0.33%	0	0	0			7		
92	0	0.33%	0	0	0			8		
93	0	0.33%	0	0	0			9		
94	0	0.33%	0	0	0			10		
95	0	0.33%	0	0	0			11		
96	0	0.33%	0	0	0	0	0	12		0
97	0	0.33%	0	0	0			1	2025	
98	0	0.33%	0	0	0			2		
99	0	0.33%	0	0	0			3		
100	0	0.33%	0	0	0			4		
101	0	0.33%	0	0	0			5		
102	0	0.33%	0	0	0			6		
103	0	0.33%	0	0	0			7		
104	0	0.33%	0	0	0			8		
105	0	0.33%	0	0	0			9		
106	0	0.33%	0	0	0			10		
107	0	0.33%	0	0	0			11		
108	0	0.33%	0	0	0	0	0	12		0
109	0	0.33%	0	0	0			1	2026	
110	0	0.33%	0	0	0			2		
111	0	0.33%	0	0	0			3		
112	0	0.33%	0	0	0			4		
113	0	0.33%	0	0	0			5		

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE B

Loan Amount	12,700,000
Construction interest rate	4.000%
Perm loan interest rate	4.000%
Term	2
Amortization Period	0
Annual Debt Service	#NUM!

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
114	0	0.33%	0	0	0			6		
115	0	0.33%	0	0	0			7		
116	0	0.33%	0	0	0			8		
117	0	0.33%	0	0	0			9		
118	0	0.33%	0	0	0			10		
119	0	0.33%	0	0	0			11		
120	0	0.33%	0	0	0	0	0	12		0
121	0	0.33%	0	0	0			1	2027	
122	0	0.33%	0	0	0			2		
123	0	0.33%	0	0	0			3		
124	0	0.33%	0	0	0			4		
125	0	0.33%	0	0	0			5		
126	0	0.33%	0	0	0			6		
127	0	0.33%	0	0	0			7		
128	0	0.33%	0	0	0			8		
129	0	0.33%	0	0	0			9		
130	0	0.33%	0	0	0			10		
131	0	0.33%	0	0	0			11		
132	0	0.33%	0	0	0	0	0	12		0
133	0	0.33%	0	0	0			2	2028	
134	0	0.33%	0	0	0			3		
135	0	0.33%	0	0	0			4		
136	0	0.33%	0	0	0			5		
137	0	0.33%	0	0	0			6		
138	0	0.33%	0	0	0			7		
139	0	0.33%	0	0	0			8		
140	0	0.33%	0	0	0			9		
141	0	0.33%	0	0	0			10		
142	0	0.33%	0	0	0			11		
143	0	0.33%	0	0	0			12		
144	0	0.33%	0	0	0	0	0	13		0
145	0	0.33%	0	0	0			3	2029	
146	0	0.33%	0	0	0			4		
147	0	0.33%	0	0	0			5		
148	0	0.33%	0	0	0			6		
149	0	0.33%	0	0	0			7		
150	0	0.33%	0	0	0			8		
151	0	0.33%	0	0	0			9		
152	0	0.33%	0	0	0			10		
153	0	0.33%	0	0	0			11		
154	0	0.33%	0	0	0			12		
155	0	0.33%	0	0	0			13		
156	0	0.33%	0	0	0	0	0	14		0
157	0	0.33%	0	0	0			4	2030	
158	0	0.33%	0	0	0			5		
159	0	0.33%	0	0	0			6		
160	0	0.33%	0	0	0			7		
161	0	0.33%	0	0	0			8		
162	0	0.33%	0	0	0			9		
163	0	0.33%	0	0	0			10		
164	0	0.33%	0	0	0			11		
165	0	0.33%	0	0	0			12		
166	0	0.33%	0	0	0			13		
167	0	0.33%	0	0	0			14		
168	0	0.33%	0	0	0	0	0	15		0
169	0	0.33%	0	0	0			5	2031	
170	0	0.33%	0	0	0			6		

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE B

Loan Amount	12,700,000
Construction interest rate	4.000%
Perm loan interest rate	4.000%
Term	2
Amortization Period	0
Annual Debt Service	#NUM!

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
171	0	0.33%	0	0	0			7		
172	0	0.33%	0	0	0			8		
173	0	0.33%	0	0	0			9		
174	0	0.33%	0	0	0			10		
175	0	0.33%	0	0	0			11		
176	0	0.33%	0	0	0			12		
177	0	0.33%	0	0	0			13		
178	0	0.33%	0	0	0			14		
179	0	0.33%	0	0	0			15		
180	0	0.33%	0	0	0	0	0	16		0
181	0	0.33%	0	0	0			6	2032	
182	0	0.33%	0	0	0			7		
183	0	0.33%	0	0	0			8		
184	0	0.33%	0	0	0			9		
185	0	0.33%	0	0	0			10		
186	0	0.33%	0	0	0			11		
187	0	0.33%	0	0	0			12		
188	0	0.33%	0	0	0			13		
189	0	0.33%	0	0	0			14		
190	0	0.33%	0	0	0			15		
191	0	0.33%	0	0	0			16		
192	0	0.33%	0	0	0	0	0	17		0
193	0	0.33%	0	0	0			7	2033	
194	0	0.33%	0	0	0			8		
195	0	0.33%	0	0	0			9		
196	0	0.33%	0	0	0			10		
197	0	0.33%	0	0	0			11		
198	0	0.33%	0	0	0			12		
199	0	0.33%	0	0	0			13		
200	0	0.33%	0	0	0			14		
201	0	0.33%	0	0	0			15		
202	0	0.33%	0	0	0			16		
203	0	0.33%	0	0	0			17		
204	0	0.33%	0	0	0	0	0	18		0
205	0	0.33%	0	0	0			8	2034	
206	0	0.33%	0	0	0			9		
207	0	0.33%	0	0	0			10		
208	0	0.33%	0	0	0			11		
209	0	0.33%	0	0	0			12		
210	0	0.33%	0	0	0			13		
211	0	0.33%	0	0	0			14		
212	0	0.33%	0	0	0			15		
213	0	0.33%	0	0	0			16		
214	0	0.33%	0	0	0			17		
215	0	0.33%	0	0	0			18		
216	0	0.33%	0	0	0	0	0	19		0
217	0	0.33%	0	0	0			9	2035	
218	0	0.33%	0	0	0			10		
219	0	0.33%	0	0	0			11		
220	0	0.33%	0	0	0			12		
221	0	0.33%	0	0	0			13		
222	0	0.33%	0	0	0			14		
223	0	0.33%	0	0	0			15		
224	0	0.33%	0	0	0			16		
225	0	0.33%	0	0	0			17		
226	0	0.33%	0	0	0			18		
227	0	0.33%	0	0	0			19		

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE B

Loan Amount	12,700,000
Construction interest rate	4.000%
Perm loan interest rate	4.000%
Term	2
Amortization Period	0
Annual Debt Service	#NUM!

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
228	0	0.33%	0	0	0	0	0	20		0
229	0	0.33%	0	0	0			10	2036	
230	0	0.33%	0	0	0			11		
231	0	0.33%	0	0	0			12		
232	0	0.33%	0	0	0			13		
233	0	0.33%	0	0	0			14		
234	0	0.33%	0	0	0			15		
235	0	0.33%	0	0	0			16		
236	0	0.33%	0	0	0			17		
237	0	0.33%	0	0	0			18		
238	0	0.33%	0	0	0			19		
239	0	0.33%	0	0	0			20		
240	0	0.33%	0	0	0	0	0	21		0
241	0	0.33%	0	0	0			11	2037	
242	0	0.33%	0	0	0			12		
243	0	0.33%	0	0	0			13		
244	0	0.33%	0	0	0			14		
245	0	0.33%	0	0	0			15		
246	0	0.33%	0	0	0			16		
247	0	0.33%	0	0	0			17		
248	0	0.33%	0	0	0			18		
249	0	0.33%	0	0	0			19		
250	0	0.33%	0	0	0			20		
251	0	0.33%	0	0	0			21		
252	0	0.33%	0	0	0	0	0	22		0
253	0	0.33%	0	0	0			12	2038	
254	0	0.33%	0	0	0			13		
255	0	0.33%	0	0	0			14		
256	0	0.33%	0	0	0			15		
257	0	0.33%	0	0	0			16		
258	0	0.33%	0	0	0			17		
259	0	0.33%	0	0	0			18		
260	0	0.33%	0	0	0			19		
261	0	0.33%	0	0	0			20		
262	0	0.33%	0	0	0			21		
263	0	0.33%	0	0	0			22		
264	0	0.33%	0	0	0	0	0	23		0
265	0	0.33%	0	0	0			13	2039	
266	0	0.33%	0	0	0			14		
267	0	0.33%	0	0	0			15		
268	0	0.33%	0	0	0			16		
269	0	0.33%	0	0	0			17		
270	0	0.33%	0	0	0			18		
271	0	0.33%	0	0	0			19		
272	0	0.33%	0	0	0			20		
273	0	0.33%	0	0	0			21		
274	0	0.33%	0	0	0			22		
275	0	0.33%	0	0	0			23		
276	0	0.33%	0	0	0	0	0	24		0
277	0	0.33%	0	0	0			14	2040	
278	0	0.33%	0	0	0			15		
279	0	0.33%	0	0	0			16		
280	0	0.33%	0	0	0			17		
281	0	0.33%	0	0	0			18		
282	0	0.33%	0	0	0			19		
283	0	0.33%	0	0	0			20		
284	0	0.33%	0	0	0			21		

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE B

Loan Amount	12,700,000
Construction interest rate	4.000%
Perm loan interest rate	4.000%
Term	2
Amortization Period	0
Annual Debt Service	#NUM!

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
285	0	0.33%	0	0	0			22		
286	0	0.33%	0	0	0			23		
287	0	0.33%	0	0	0			24		
288	0	0.33%	0	0	0	0	0	25		0
289	0	0.33%	0	0	0			15	2041	
290	0	0.33%	0	0	0			16		
291	0	0.33%	0	0	0			17		
292	0	0.33%	0	0	0			18		
293	0	0.33%	0	0	0			19		
294	0	0.33%	0	0	0			20		
295	0	0.33%	0	0	0			21		
296	0	0.33%	0	0	0			22		
297	0	0.33%	0	0	0			23		
298	0	0.33%	0	0	0			24		
299	0	0.33%	0	0	0			25		
300	0	0.33%	0	0	0	0	0	26		0
301	0	0.33%	0	0	0			16	2042	
302	0	0.33%	0	0	0			17		
303	0	0.33%	0	0	0			18		
304	0	0.33%	0	0	0			19		
305	0	0.33%	0	0	0			20		
306	0	0.33%	0	0	0			21		
307	0	0.33%	0	0	0			22		
308	0	0.33%	0	0	0			23		
309	0	0.33%	0	0	0			24		
310	0	0.33%	0	0	0			25		
311	0	0.33%	0	0	0			26		
312	0	0.33%	0	0	0	0	0	27		0
313	0	0.33%	0	0	0			17	2043	
314	0	0.33%	0	0	0			18		
315	0	0.33%	0	0	0			19		
316	0	0.33%	0	0	0			20		
317	0	0.33%	0	0	0			21		
318	0	0.33%	0	0	0			22		
319	0	0.33%	0	0	0			23		
320	0	0.33%	0	0	0			24		
321	0	0.33%	0	0	0			25		
322	0	0.33%	0	0	0			26		
323	0	0.33%	0	0	0			27		
324	0	0.33%	0	0	0	0	0	28		0
325	0	0.33%	0	0	0			18	2044	
326	0	0.33%	0	0	0			19		
327	0	0.33%	0	0	0			20		
328	0	0.33%	0	0	0			21		
329	0	0.33%	0	0	0			22		
330	0	0.33%	0	0	0			23		
331	0	0.33%	0	0	0			24		
332	0	0.33%	0	0	0			25		
333	0	0.33%	0	0	0			26		
334	0	0.33%	0	0	0			27		
335	0	0.33%	0	0	0			28		
336	0	0.33%	0	0	0	0	0	29		0
337	0	0.33%	0	0	0			19	2045	
338	0	0.33%	0	0	0			20		
339	0	0.33%	0	0	0			21		
340	0	0.33%	0	0	0			22		
341	0	0.33%	0	0	0			23		

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE B

Loan Amount	12,700,000
Construction interest rate	4.000%
Perm loan interest rate	4.000%
Term	2
Amortization Period	0
Annual Debt Service	#NUM!

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
342	0	0.33%	0	0	0			24		
343	0	0.33%	0	0	0			25		
344	0	0.33%	0	0	0			26		
345	0	0.33%	0	0	0			27		
346	0	0.33%	0	0	0			28		
347	0	0.33%	0	0	0			29		
348	0	0.33%	0	0	0	0	0	30		0
349	0	0.33%	0	0	0			20	2046	
350	0	0.33%	0	0	0			21		
351	0	0.33%	0	0	0			22		
352	0	0.33%	0	0	0			23		
353	0	0.33%	0	0	0			24		
354	0	0.33%	0	0	0			25		
355	0	0.33%	0	0	0			26		
356	0	0.33%	0	0	0			27		
357	0	0.33%	0	0	0			28		
358	0	0.33%	0	0	0			29		
359	0	0.33%	0	0	0			30		
360	0	0.33%	0	0	0	0	0	31		0
361	0	0.33%	0	0	0			21	2047	
362	0	0.33%	0	0	0			22		
363	0	0.33%	0	0	0			23		
364	0	0.33%	0	0	0			24		
365	0	0.33%	0	0	0			25		
366	0	0.33%	0	0	0			26		
367	0	0.33%	0	0	0			27		
368	0	0.33%	0	0	0			28		
369	0	0.33%	0	0	0			29		
370	0	0.33%	0	0	0			30		
371	0	0.33%	0	0	0			31		
372	0	0.33%	0	0	0	0	0	32		0
373	0	0.33%	0	0	0			22	2048	
374	0	0.33%	0	0	0			23		
375	0	0.33%	0	0	0			24		
376	0	0.33%	0	0	0			25		
377	0	0.33%	0	0	0			26		
378	0	0.33%	0	0	0			27		
379	0	0.33%	0	0	0			28		
380	0	0.33%	0	0	0			29		
381	0	0.33%	0	0	0			30		
382	0	0.33%	0	0	0			31		
383	0	0.33%	0	0	0			32		
384	0	0.33%	0	0	0	0	0	33		0
385	0	0.33%	0	0	0			23	2049	
386	0	0.33%	0	0	0			24		
387	0	0.33%	0	0	0			25		
388	0	0.33%	0	0	0			26		
389	0	0.33%	0	0	0			27		
390	0	0.33%	0	0	0			28		
391	0	0.33%	0	0	0			29		
392	0	0.33%	0	0	0			30		
393	0	0.33%	0	0	0			31		
394	0	0.33%	0	0	0			32		
395	0	0.33%	0	0	0			33		
396	0	0.33%	0	0	0	0	0	34		0
397	0	0.33%	0	0	0			24	2050	
398	0	0.33%	0	0	0			25		

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

TAX-EXEMPT BONDS-TRANCHE B

Loan Amount	12,700,000
Construction interest rate	4.000%
Perm loan interest rate	4.000%
Term	2
Amortization Period	0
Annual Debt Service	#NUM!

Loan Amt.=PV(mothly int. rate, # of amort. months, monthly debt service)

Period	Beginning Balance	Monthly Rate	Monthly Interest	Debt Service	Ending Balance	Annual Interest	Annual Principal	Month	Year	
399	0	0.33%	0	0	0			26		
400	0	0.33%	0	0	0			27		
401	0	0.33%	0	0	0			28		
402	0	0.33%	0	0	0			29		
403	0	0.33%	0	0	0			30		
404	0	0.33%	0	0	0			31		
405	0	0.33%	0	0	0			32		
406	0	0.33%	0	0	0			33		
407	0	0.33%	0	0	0			34		
408	0	0.33%	0	0	0	0	0	35		0
409	0	0.33%	0	0	0			25	2051	
410	0	0.33%	0	0	0			26		
411	0	0.33%	0	0	0			27		
412	0	0.33%	0	0	0			28		
413	0	0.33%	0	0	0			29		
414	0	0.33%	0	0	0			30		
415	0	0.33%	0	0	0			31		
416	0	0.33%	0	0	0			32		
417	0	0.33%	0	0	0			33		
418	0	0.33%	0	0	0			34		
419	0	0.33%	0	0	0			35		
420	0	0.33%	0	0	0	0	0	36		0
				TOTAL		$1,016,000	$0			
				Check			#########			

Bella Vista San Diego, CA 92113
PROJECT
FINANCIAL PROJECTION

Seller Carryback Financing

Interest Rate 8.00%

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Asset Management Fee

Amount of initial fee $7,500
Escalator 2.50%

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Beginning Balance	0	0	7,688	15,567	0	0	0	0	0	0	0	0	0	0	0	0	23,255
Current Year Fee	3,125	7,688	7,880	8,077	8,279	8,486	8,698	8,915	9,138	9,366	9,601	9,841	10,087	10,339	10,597	10,862	130,114
Cash Paid	(3,125)	0	0	(23,644)	(8,279)	(8,486)	(8,698)	(8,915)	(9,138)	(9,366)	(9,601)	(9,841)	(10,087)	(10,339)	(10,597)	(10,862)	(130,114)
Ending Balance	0	7,688	15,567	0	0	0	0	0	0	0	0	0	0	0	0	0	23,255

Developer Fee Loan

Developer Fee Loan 5,522,589
Interest Rate 8.00%

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Ending Balance	5,522,589	5,522,589	5,706,675	6,163,209	6,555,197	6,730,185	6,894,555	7,047,292	7,187,309	7,313,436	7,424,421	7,518,915	7,595,473	7,652,542	7,688,454	7,701,419	7,644,886
Interest Accrued	0	184,086	456,534	493,057	524,416	538,415	551,564	563,783	574,985	585,075	593,954	601,513	607,638	612,203	615,076	616,113	611,591
Payments from Capital Proceeds	0	0	0	(101,069)	(349,427)	(374,045)	(398,827)	(423,767)	(448,857)	(474,091)	(499,459)	(524,955)	(550,569)	(576,291)	(602,112)	(672,646)	(579,652)
Ending Balance	5,522,589	5,706,675	6,163,209	6,555,197	6,730,185	6,894,555	7,047,292	7,187,309	7,313,436	7,424,421	7,518,915	7,595,473	7,652,542	7,688,454	7,701,419	7,644,886	7,676,824
Capitalized developer fee	5,522,589	5,522,589	5,706,675	6,163,209	6,555,197	6,730,185	6,894,555	7,047,292	7,187,309	7,313,436	7,424,421	7,518,915	7,595,473	7,652,542	7,688,454	7,701,419	7,644,886
Depreciation %	0.00%	1.36%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%
Annual depreciation deferral	0	75,308	207,495	224,094	238,347	244,710	250,686	256,240	261,331	265,917	270,026	273,388	276,247	278,246	279,629	280,024	277,968
Depreciation expense	0	2,510	(61,219)	(209,842)	(231,984)	(238,733)	(245,132)	(251,149)	(256,745)	(261,881)	(266,515)	(270,679)	(274,096)	(277,017)	(279,081)	(282,156)	(276,807)
Cumulative depreciation deferral	0	77,818	224,094	238,347	244,710	250,686	256,240	261,331	265,917	269,952	273,463	276,171	278,323	279,552	280,101	277,968	279,129
Annual Interest expense deferral	0	184,086	456,534	(101,069)	(349,427)	(374,045)	(398,827)	(423,767)	(448,857)	(474,091)	(499,459)	(524,955)	(550,569)	(576,291)	(602,112)	616,113	(579,652)
Interest expense	0	0	0	(539,551)	349,427	374,045	398,827	423,767	448,857	474,091	499,459	524,955	550,569	576,291	602,112	(616,113)	579,652
Cumulative interest deferral	0	184,086	640,620	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Residual Cash Loan

Loan 2,860,000
Interest Rate 6.020%

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Ending Balance	2,860,000	3,032,172	3,214,709	3,408,234	3,613,410	3,830,937	4,061,560	4,306,066	4,565,291	4,840,121	5,131,496	5,440,413	5,767,925	6,115,154	6,483,287	6,873,581	7,287,370
Interest Accrued	172,172	182,537	193,525	205,176	217,527	230,622	244,506	259,225	274,830	291,375	308,916	327,513	347,229	368,132	390,294	413,790	438,700
Payments from Capital Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	3,032,172	3,214,709	3,408,234	3,613,410	3,830,937	4,061,560	4,306,066	4,565,291	4,840,121	5,131,496	5,440,413	5,767,925	6,115,154	6,483,287	6,873,581	7,287,370	7,726,070

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
ESTIMATED LIMITED PARTNER RETURN

Date	Capital Contrib.	Tax Credits	Cash Distrib.	Cash and Credits	Annual Return	Cumul. Return	Income (Losses)	Tax Sav. (Cost)	Cumul. Net Benefits	Ending Cap. Acct.
2017	$1,434,366	$0	$0	$0	0%	0%	($1,087,153)	$380,504	($1,053,862)	$347,213
2018	12,909,293	314,759	0	314,759	2%	2%	(1,449,200)	821,979	(13,141,176)	11,807,305
2019	0	1,190,898	0	1,190,898	8%	10%	(1,388,735)	1,676,956	(11,464,221)	10,418,570
2020	0	1,501,954	0	1,501,954	10%	21%	(2,492,866)	2,374,457	(9,089,764)	7,925,703
2021	0	1,501,954	0	1,501,954	10%	31%	(1,780,363)	2,125,081	(6,964,683)	6,145,340
2022	0	1,501,954	0	1,501,954	10%	42%	(1,745,830)	2,112,994	(4,851,689)	4,399,510
2023	0	1,501,954	0	1,501,954	10%	52%	(1,670,558)	2,086,649	(2,765,040)	2,728,953
2024	0	1,501,954	0	1,501,954	10%	63%	(1,607,195)	2,064,472	(700,568)	1,121,758
2025	0	1,501,954	0	1,501,954	10%	73%	(1,592,060)	2,059,175	1,358,607	(470,302)
2026	0	1,501,954	0	1,501,954	10%	84%	(1,575,272)	2,053,299	3,411,906	(2,045,574)
2027	0	1,501,954	0	1,501,954	10%	94%	(1,558,217)	2,047,330	5,459,236	(3,603,792)
2028	0	1,187,195	0	1,187,195	8%	103%	(1,538,821)	1,725,783	7,185,019	(5,142,613)
2029	0	0	0	0	0%	103%	(1,519,161)	531,707	7,716,725	(6,661,774)
2030	0	0	0	0	0%	103%	(1,497,073)	523,976	8,240,701	(8,158,848)
2031	0	0	0	0	0%	103%	(1,474,539)	516,089	8,756,790	(9,633,387)
2032	0	0	5,187,208	5,187,208	36%	139%	$14,820,595	(5,187,208)	8,756,790	0
	$14,343,659	$14,708,482	$5,187,208	$19,895,691			($9,156,450)	$17,913,240		

Credit Price: **0.9550** Annual After-Tax Internal Rate of Return (IRR) 9.73%

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
SCHEDULE OF PROJECTED INVESTOR BENEFITS

Total Investment		14,343,659
Total Credits		15,021,040
Purchase Price	$	0.955
Annual IRR		9.73%

	YEAR	QUARTER	CASH OUTFLOWS QUARTERLY	TAX CREDIT INFLOWS QUARTERLY	PASSIVE LOSSES QUARTERLY	CASH INFLOWS QUARTERLY	TOTAL QUARTERLY BENEFITS	NET ANNUAL BENEFITS	NET QUARTERLY BENEFITS
1	2017	1	0	0	0	0	0	(1,053,862)	0
		2	0	0	0	0	0	0	0
		3	(1,434,366)	0	190,252	0	190,252	0	(1,244,114)
		4	0	0	190,252	0	190,252	0	190,252
2	2018	1	(2,581,859)	78,690	126,805	0	205,495	(12,087,314)	(2,376,364)
		2	0	78,690	126,805	0	205,495	0	205,495
		3	(10,327,434)	78,690	126,805	0	205,495	0	(10,121,940)
		4	0	78,690	126,805	0	205,495	0	205,495
3	2019	1	0	297,725	121,514	0	419,239	1,676,956	419,239
		2	0	297,725	121,514	0	419,239	0	419,239
		3	0	297,725	121,514	0	419,239	0	419,239
		4	0	297,725	121,514	0	419,239	0	419,239
4	2020	1	0	375,488	218,126	0	593,614	2,374,457	593,614
		2	0	375,488	218,126	0	593,614	0	593,614
		3	0	375,488	218,126	0	593,614	0	593,614
		4	0	375,488	218,126	0	593,614	0	593,614
5	2021	1	0	375,488	155,782	0	531,270	2,125,081	531,270
		2	0	375,488	155,782	0	531,270	0	531,270
		3	0	375,488	155,782	0	531,270	0	531,270
		4	0	375,488	155,782	0	531,270	0	531,270
6	2022	1	0	375,488	152,760	0	528,249	2,112,994	528,249
		2	0	375,488	152,760	0	528,249	0	528,249
		3	0	375,488	152,760	0	528,249	0	528,249
		4	0	375,488	152,760	0	528,249	0	528,249
7	2023	1	0	375,488	146,174	0	521,662	2,086,649	521,662
		2	0	375,488	146,174	0	521,662	0	521,662
		3	0	375,488	146,174	0	521,662	0	521,662
		4	0	375,488	146,174	0	521,662	0	521,662
8	2024	1	0	375,488	140,630	0	516,118	2,064,472	516,118
		2	0	375,488	140,630	0	516,118	0	516,118
		3	0	375,488	140,630	0	516,118	0	516,118
		4	0	375,488	140,630	0	516,118	0	516,118
9	2025	1	0	375,488	139,305	0	514,794	2,059,175	514,794
		2	0	375,488	139,305	0	514,794	0	514,794
		3	0	375,488	139,305	0	514,794	0	514,794
		4	0	375,488	139,305	0	514,794	0	514,794
10	2026	1	0	375,488	137,836	0	513,325	2,053,299	513,325
		2	0	375,488	137,836	0	513,325	0	513,325
		3	0	375,488	137,836	0	513,325	0	513,325
		4	0	375,488	137,836	0	513,325	0	513,325
11	2027	1	0	375,488	136,344	0	511,832	2,047,330	511,832
		2	0	375,488	136,344	0	511,832	0	511,832
		3	0	375,488	136,344	0	511,832	0	511,832
		4	0	375,488	136,344	0	511,832	0	511,832
12	2028	1	0	296,799	134,647	0	431,446	1,725,783	431,446
		2	0	296,799	134,647	0	431,446	0	431,446
		3	0	296,799	134,647	0	431,446	0	431,446
		4	0	296,799	134,647	0	431,446	0	431,446
13	2029	1	0	0	132,927	0	132,927	531,707	132,927
		2	0	0	132,927	0	132,927	0	132,927
		3	0	0	132,927	0	132,927	0	132,927
		4	0	0	132,927	0	132,927	0	132,927

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
SCHEDULE OF PROJECTED INVESTOR BENEFITS

Total Investment		14,343,659
Total Credits		15,021,040
Purchase Price	$	0.955
Annual IRR		9.73%

	YEAR	QUARTER	CASH OUTFLOWS QUARTERLY	TAX CREDIT INFLOWS QUARTERLY	PASSIVE LOSSES QUARTERLY	CASH INFLOWS QUARTERLY	TOTAL QUARTERLY BENEFITS	NET ANNUAL BENEFITS	NET QUARTERLY BENEFITS
14	2030	1	0	0	130,994	0	130,994	523,976	130,994
		2	0	0	130,994	0	130,994	0	130,994
		3	0	0	130,994	0	130,994	0	130,994
		4	0	0	130,994	0	130,994	0	130,994
15	2031	1	0	0	129,022	0	129,022	516,089	129,022
		2	0	0	129,022	0	129,022	0	129,022
		3	0	0	129,022	0	129,022	0	129,022
		4	0	0	129,022	0	129,022	0	129,022
16	2032	1	0	0	(5,187,208)	5,187,208	0	0	0
			(14,343,659)	14,708,482	3,204,758	5,187,208	23,100,448	8,756,790	8,756,790
							Quarterly		2.35%
		INTERNAL RATE OF RETURN					**Annual**		**9.73%**

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
SUPPLEMENTAL SCHEDULE OF CASH FROM SALE OF PROPERTY
AT HYPOTHETICAL SALES PRICE ON DECEMBER 31, 2032

	15th Year Limited Partner
Forecasted NOI @ Year 2032	$2,016,734
Capitalization Rate	5.00%
Selling Price (Under NOI in 2032)	40,334,689
Less:	
Selling Costs	(1,008,367)
Repayment of Debt:	
Permanent Loan	(17,429,689)
Residual Cash Loan	(6,873,581)
Deferred Developer Fee	(7,701,419)
Limited Partner Exit Tax	0
Net Sale Proceeds	7,321,634
Reserves	0
Total Distributable Proceeds	7,321,634
Distributions:	
Return - GP Owner Equity Contribution	0
Preferred Return	0
Balance	7,321,634
Distribution to L.P.	$5,187,208
Distribution to G.P.	2,134,425

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
SUPPLEMENTAL SCHEDULE OF GAIN ON SALE OF PROPERTY
AT HYPOTHETICAL SALES PRICE ON DECEMBER 31, 2032

Net Sale Proceeds to Limited Partner	$5,187,208
Ending Capital Balance December 31, 2032	9,633,387
Net of Syndication Costs and Unamortized Fees	(349,599)
Limited Partner Net Taxable Gain/(Loss)	$14,470,997

Gain/(Loss) For Limited Partner	$14,470,997
Unamortized Fees	349,599
Syndication Costs	0
Net Loss For Limited Partner	$14,820,595
Limited Partner Tax Costs/(Savings) @ 35%	$5,187,208

LIMITED PARTNER NET CASH ON SALE CALCULATION

Limited Partner Return on Sale:	
Net Loss For Limited Partner	$14,820,595
Limited Partner Tax Costs/(Savings) @ 35%	(5,187,208)
Net After Tax Loss	$9,633,387

Bella Vista San Diego, CA 92113
FINANCIAL PROJECTION
SCHEDULE OF PROJECTED POTENTIAL LOSS REALLOCATION DUE TO 704(b)
TAX CREDIT EQUITY INVESTOR

		Property Basis w/ Land	NR Debt Balance	Minimum Gain	Increase in Min. Gain	Syndication Costs	Ending Capital Balance	Cap. Bal. w/ Carryover Min. Gain
BEGINNING BALANCE		44,135,434						
2017	1	43,650,187	38,747,833	0	0	0	347,213	347,213
2018	2	42,113,756	38,637,033	0	0	0	11,807,305	11,807,305
2019	3	40,179,609	25,825,016	0	0	0	10,418,570	10,418,570
2020	4	38,385,086	25,709,283	0	0	0	7,925,703	7,925,703
2021	5	36,677,856	25,591,160	0	0	0	6,145,340	6,145,340
2022	6	34,995,540	25,470,711	0	0	0	4,399,510	4,399,510
2023	7	33,376,511	25,348,018	0	0	0	2,728,953	2,728,953
2024	8	31,806,437	25,223,174	0	0	0	1,121,758	1,121,758
2025	9	30,236,078	25,096,291	0	0	0	(470,302)	(470,302)
2026	10	28,666,004	24,967,498	0	0	0	(2,045,574)	(2,045,574)
2027	11	27,095,259	24,836,943	0	0	0	(3,603,792)	(3,603,792)
2028	12	25,525,185	24,704,795	0	0	0	(5,142,613)	(5,142,613)
2029	13	23,954,440	24,571,246	616,806	616,806	0	(6,661,774)	(6,044,969)
2030	14	22,384,367	24,436,513	2,052,146	1,435,341	0	(8,158,848)	(6,106,702)
2031	15	20,813,622	24,300,839	3,487,218	1,435,071	0	(9,633,387)	(6,146,169)

Bella Vista San Diego, CA 92113
BALANCE SHEET
FOR THE PERIOD FROM JANUARY 1, 2013 THROUGH DECEMBER 31, 2026

Period ->	3	4	5	6	7	8	9	10	11	12	13	14
Year ->	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
ASSETS												
Cash	$ (208,343)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rent Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserves	600,471	600,471	600,471	600,471	600,471	600,471	600,471	600,471	600,471	600,471	600,471	600,471
Capital Reserves, net	83,640	90,984	95,390	96,859	96,859	96,859	96,859	96,859	96,859	96,859	96,859	96,859
Land	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Fixed Assets, net	38,607,722	36,827,272	35,126,234	33,449,726	31,836,088	30,270,949	28,705,018	27,138,823	25,571,432	24,003,910	22,435,159	20,866,158
Intangible Assets, net	900,441	873,385	846,329	819,273	792,217	765,161	738,105	711,049	683,993	656,937	629,881	602,825
Total Assets	$ 42,424,552	$ 40,192,113	$ 38,468,425	$ 36,766,330	$ 35,125,636	$ 33,533,441	$ 31,940,454	$ 30,347,203	$ 28,752,755	$ 27,158,177	$ 25,562,371	$ 23,966,313
LIABLITIES & PARTNERS' CAPITAL												
Debt	$25,827,599	$25,711,855	$25,593,719	$25,473,259	$25,350,553	$25,225,696	$25,098,801	$24,969,995	$24,839,427	$24,707,266	$24,573,703	$24,438,957
Deferred Fees	6,178,776	6,555,197	6,730,185	6,894,555	7,047,292	7,187,309	7,313,436	7,424,421	7,518,915	7,595,473	7,652,542	7,688,454
Capital Contribution	14,343,659	14,343,659	14,343,659	14,343,659	14,343,659	14,343,659	14,343,659	14,343,659	14,343,659	14,343,659	14,343,659	14,343,659
Cash Distributions	0	0	0	0	0	0	0	0	0	0	0	0
Retained Earnings	(3,925,482)	(6,418,597)	(8,199,138)	(9,945,143)	(11,615,867)	(13,223,223)	(14,815,442)	(16,390,872)	(17,949,245)	(19,488,220)	(21,007,534)	(22,504,757)
Total Liabilities & Partners' Capital	$42,424,552	$40,192,113	$38,468,425	$36,766,330	$35,125,636	$33,533,441	$31,940,454	$30,347,203	$28,752,755	$27,158,177	$25,562,371	$23,966,313

15
2031
$ -
-
600,471
96,859
1,800,000
19,295,804
575,769
$ 22,368,903
$24,303,270
7,701,419
14,343,659
0
(23,979,444)
$22,368,903

ATTACHMENT 6
HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

General Description: The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as "private activity bonds" because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City's faith, credit or taxing power nor of the Housing Authority's faith and credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

Rating: Generally "AAA" or its equivalent with a minimum rating of "A" or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support ("credit enhancement") by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

Approval Process:

- Inducement Resolution: The bond process is initiated when the issuer (Housing Authority) adopts an "Inducement Resolution" to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any

commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

  [Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- Application for Bond Allocation: The issuance of these "private activity bonds" (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.

- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.

- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

ATTACHMENT 7 – FINANCIAL ADVISOR'S ANALYSIS

CSG | advisors

1 Post Street, Suite 575
San Francisco, CA 94104
tel. 415.956.2454

July 6, 2017

Mr. Joe Correia
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, California 92101

RE: Bella Vista Apartments

Dear Mr. Correia:

The San Diego Housing Commission (the "Commission") has retained CSG Advisors, Inc. to analyze the feasibility of the proposed tax-exempt and taxable financing for the Bella Vista Apartments (the "Project"). Our findings are organized as follows:

- Current Project Status and the Proposed Project
- The Proposed Financing
- Project's Projected Financial Status
- Benefits and Risks to the Commission
- Public Purpose
- Negotiation of Additional Public Benefit
- Recommendations

We have based our analysis of the proposed financing on documents provided by Islas Development, LLC (the "Developer"), and on additional conversations and documents provided by representatives of the Developer and Commission staff. The documents examined included the Developer's proposed financial schedules and financing commitments from the proposed lender and investor. CSG has not visited the site of the proposed Project.

CURRENT PROJECT STATUS AND THE PROPOSED PROJECT

The Project will consist of the rehabilitation of an existing property (the "Property") located at 4742 Solola Avenue, San Diego, California (the "Site"). The Property contains 170 units. The Developer proposes to rehabilitate the Property. Rehabilitation of the Project will be financed, from among other sources, equity raised from the sale of "4%" low-income housing tax credit equity and tax-exempt debt issued by the Housing Authority of the City of San Diego (the "Housing Authority").

169 units (i.e., excluding one manager's unit), will be subject to affordability restrictions as further described herein.

The Project was originally financed, in 2001, with the proceeds of tax-exempt bonds, equity from 4% Low Income Housing Tax Credits, and subordinate financing from the San Diego Housing Commission. The subordinate loan from the Commission has been fully repaid.

The Project is currently owned by Logan Square Housing Partners, L.P. On May 23, 2016, the Housing Authority approved a resolution evidencing its official intent to conduct a tax-exempt issuance in the not-to-exceed amount of $23,300,000 for the Project. The resolution also approved submittal of the application to the California Debt Limit Allocation Committee ("CDLAC").

A Housing Assistance Payment (HAP) Section 8 contract covers 144 of the units. The contract is scheduled to expire in October 2027. The Developer has submitted a request to HUD to update the contract rents.

On June 12, 2016, the City Council held a public hearing ("TEFRA") required pursuant to Section 147(f) of the Internal Revenue Code for tax-exempt issuances. The TEFRA hearing remains valid for a period of one year.

On July 22, 2016, the Housing Authority submitted an application to CDLAC for $23,300,000 in tax-exempt private activity issuance authority for the Project.

On September 21, 2016, CDLAC provided an allocation of $23,300,000 in tax-exempt authority to the Housing Authority for the Project.

THE PROPOSED FINANCING

The Developer proposes that the Housing Authority issue up $23,300,000 in a tax-exempt "Tax-Exempt Note"[1] together with an issuance of an additional *taxable* Note in the amount of $12,700,000 ("Taxable Note"; together with the Tax-Exempt Note, the "Notes"). The total not-to-exceed issue amount would be $36,000,000. The issuance of the Notes would occur under a single Funding Loan Agreement.

The Developer proposes that Citibank Community Capital ("Citibank") serve as the construction and permanent lender. Citibank will purchase two tranches of construction period Notes issued by the Housing Authority:

[1] The financing would occur through the issuance of tax-exempt "Notes" under a "Back-to-Back" loan structure. The Back-to-Back structure and a bond issuance structure with an Indenture are functionally equivalent. In the Back-to-Back Structure, a Funding Loan Agreement (between the Lender, Issuer and the Fiscal Agent) replaces the Indenture and a Borrower Loan Agreement (between the Issuer and the Borrower) replaces the Loan Agreement from an Indenture structure. A "Fiscal Agent" replaces the Trustee. Certain lenders prefer the Back-to-Back structure in order to obtain beneficial treatment under the Community Reinvestment Act.

- Series A: fixed-rate, tax-exempt Note with one or more sub-series in the proposed amount of $23,300,000; and
- Series B: variable-rate, taxable Note in the proposed amount of $12,700,000.

According to projections provided by the Developer, the total development cost totals approximately $45,691, 010.

At permanent conversion, the Series B Note will be redeemed and the Series A Note will remain outstanding and amortize to term/maturity.

Bella Vista : Construction and Permanent Source Summary

	Construction	Permanent
Tax-Exempt Note	$23,300,000	$23,300,000
Taxable Note	$12,700,000	$0
Tax Credit Equity	$1,434,970	$14,343,660
Seller Financing	$2,860,000	$2,860,000
Deferred Developer Fee	$4,795,570	$5,187,350
	$45,090,540	**$45,691,010**

Bella Vista : Construction and Permanent Use Summary

	Construction	Permanent
Land/Acquisition	$28,600,000	$26,800,000
Construction	$8,014,560	$8,014,560
Construction Contingency	$755,560	$755,560
Developer Fee	$5,522,590	$5,522,590
Operating Reserve	$0	$600,470
Other Hard and Soft Costs	$2,197,830	$2,197,830
	$45,090,540	**$45,691,010**

Ownership

The ownership entity for the Project will be Bella Vista Affordable Communities, L.P. (the "Borrower"). Casa Familiar will serve as the Managing General Partner of the Borrower, and Bella Vista Communities, LLC (an affiliate of the Developer) will serve as the Co-General Partner. An affiliate of Aegon USA Realty Advisors, LLC, the tax credit investor, will serve as the investor limited partner.

Tax-Exempt Note Structure and Credit Enhancement

Construction Loan
The Developer proposes that the Housing Authority issue up to $23,300,000 in a Tax-Exempt Note and $12,700,000 in a Taxable Note to finance the rehabilitation of the Project.

The Notes would be unrated, without credit enhancement, and would be purchased by Citibank on a private placement basis. Solely revenues pledged under the Indenture and Loan Agreement will secure the payment of principal and interest to the Noteholder.

As unrated, non-credit enhanced Notes sold on a private placement basis, the Notes must meet the minimum requirements of the Commission's policies for such issues (e.g., maximum $100,000 minimum denominations, no more than 15 Bondholders, etc).

The construction loan would have a term of up to 24 months (with two 6-month extensions). The Series A portion of the construction loan would be fixed-rate – based on 18 year LIBOR swap index plus 2.15% (indicative rate as of October 2016 was 3.99%). The Series B portion of the construction loan would be variable rate – based on one month LIBOR plus 2.50%. Payments during the construction period will be interest-only.

Permanent Loan
Upon satisfaction of certain conditions to Conversion, the Series B construction loan will be repaid, entirely, and the Series A portion will continue as a permanent loan.

Per the Citibank commitment letter, the permanent loan would have a term of 30 years from Conversion. Principal and interest payments would be based on a 35-year fully amortizing schedule. However, Citibank reserves the ability to declare the loan due in the 17th year following the conversion to permanent phase. The interest rate for the permanent loan will have been determined according to the Series A construction loan interest rate.

Projected Issuance Date

The Developer proposes that the Housing Authority issue the Notes on or about August 4, 2017. CDLAC has provided an allocation expiration date of August 15, 2017.

Commission Financial Involvement

The Commission has no other financial involvement.

Affordability Restrictions

The Project is subject to the following *existing*, overlapping, regulatory restrictions:

Source of Restriction	Restriction	Expiration Date
San Diego Housing Commission	20 units at 50% AMI; 149 units at 60% AMI	2058
California Tax Credit Allocation Committee	17 units at 50% AMI; 152 units at 60% AMI	2032
Tax-Exempt Bond	17 units at 50% AMI; 152 units at 60% AMI	2057
HUD Section 8 Contract	44 units at 50% AMI and 100 units at 80% AMI (limitation under Section 8 for 144 units covered by Section 8 contract)	2027

These are overlapping, inclusive restrictions, and apply to the same units where applicable. Overall, the most restrictive restrictions will apply.

Upon implementing the proposed financing, the Project will be subject to the following *new* regulatory restrictions and regulatory terms:

- New tax-exempt Note and tax credit regulatory agreements (in addition to the existing restrictions) will be restricted to 50% and 60% of area median income (AMI). The Developer has elected to restrict 17 units to 50% AMI and 152 units to 60% AMI. This election reflects voluntary elections under CDLAC and CTCAC and is effective for a term of 55 years.

Again, these restrictions will apply to the same units (where applicable) as the existing restrictions, with the overall Project required to reflect the most restrictive restrictions i.e.,

- No fewer than 44 units at 50% AMI (inclusive of CDLAC, CTCAC, and Section 8 contract restrictions)
- No fewer than 152 units at 60% AMI (inclusive of all 50% AMI restrictions); and
- No fewer than 100 units at 80% AMI (Inclusive of all 50% and 60% restrictions).

PROJECT'S PROJECTED FINANCIAL STATUS

Under the proposed financing – according to information provided by the Developer and analysis by CSG – annual debt service on the maximum senior loan would total approximately $110,269. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately $420,119 at a debt coverage ratio (DCR) of 1.32 (gross cash flow includes income from restricted units and expected Section 8 contract rents). Cash flow after reserves would total approximately $369,119 (DCR @ 1.28).

THE BENEFITS AND RISKS TO THE COMMISSION

The proposed financing provides for financing for the acquisition and rehabilitation of the Project.

By approving a recommendation to the Housing Authority to move forward with the approval process for the proposed tax-exempt/taxable Note financing, the Commission will not obligate the Commission or the Housing Authority to issue the Notes.

As proposed, the financing will maintain and extend the affordability of 169 units. These units will remain long-term affordable for an additional 55 years.

If the Authority issues the Notes, the Commission would receive a fee at closing of 0.25% of the issue amount (approximately $90,000) and an annual fee equal to 0.125% of the outstanding Notes.

PUBLIC PURPOSE

The proposed financing will result in maintaining and extending the affordability of 169 housing units in the City of San Diego. The proposed financing will result in *new* CDLAC and CTCAC regulatory restrictions as follows:

- 17 units will be restricted to households earning 50% of AMI or less;
- 152 units will be restricted to households earning 60% of AMI or less.

These new restrictions will be in effect for 55 years.

The new restriction will combine with the existing restrictions, resulting in overall project restrictions of:

- No fewer than 44 units at 50% AMI (inclusive of CDLAC, CTCAC, and Section 8 contract restrictions)

- No fewer than 152 units at 60% AMI (inclusive of all 50% AMI restrictions); and
- No fewer than 100 units at 80% AMI (Inclusive of all 50% and 60% restrictions).

NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT

As noted above, the financing will result in long-term affordability restrictions on 169 units within the Project.

RECOMMENDATIONS

Based upon analysis of the available information, we recommend that the Commission approve moving forward with the proposed issuance. Our recommendation is based upon the following:

- The financing will maintain and extend the affordability on 169 units in the City of San Diego with long-term affordability covenants.

- The Commission has received tax-exempt authority of $23,300,000 from CDLAC for the Project.

- Citibank and Aegon are currently underwriting the Project.

- The Commission will not be responsible for costs of issuance. The Commission will receive an issuance fee at closing of approximately $90,000, and a long-term annual fee equal to 0.125% the outstanding Notes, i.e., during construction approximately $45,000 annually, and at conversion approximately $29,125.

- The net Tax-Exempt Note financing and tax credit equity will provide approximately $37,600,000 for development costs.

Contingent Items

The Commission may choose to move forward with the financing subject to the following contingencies:

- As of this writing, neither Citibank nor Aegon have provided final credit approval for the financing. The tax-exempt Notes cannot be issued without these final approvals.

- As the financing depends upon the continued availability the Section 8 subsidies, HUD must approve the rent increase requested by the Developer.

- Final Notes documents and approving resolution must be approved by the Housing Authority.

Should you require any further information or would like to discuss the Project or the proposed financing in additional detail, please do not hesitate to contact me.

Sincerely,
CSG Advisors

John Hamilton

ATTACHMENT 8

REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: June 7, 2017 **REPORT NO**: HAR17-016

ATTENTION: Council President and Members of the City Council of the City of San Diego
For the Agenda of June 27, 2017

SUBJECT: Final Bond Authorization for Bella Vista Apartments

COUNCIL DISTRICT: 4

REQUESTED ACTION

Authorize the issuance of Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate the acquisition and rehabilitation of Bella Vista Apartments, a 170-unit development located at 4742 Solola Avenue, San Diego, in the Encanto neighborhood, which will include 170 units that will remain affordable for 55 years.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following action:

1. Authorize the issuance of up to $23,300,000 in tax-exempt Multifamily Housing Revenue Bonds, which are allocated by the State, to facilitate Bella Vista Affordable Communities, L.P., a California limited partnership's acquisition and rehabilitation of Bella Vista Apartments, a 170-unit development, located at 4742 Solola Avenue, San Diego, in the Encanto neighborhood, which will include 170 units that will remain affordable for 55 years.

SUMMARY

A development summary is included as Attachment 1.

Table 1 - Development Details

Address	4742 Solola Avenue
Council District	4
Community Plan Area	Southeastern San Diego Community Planning Group
Development Type	Acquisition with rehabilitation
Construction Type	Type V (wood frame stucco exterior)
Stories	Two stories
Parking Type	Surface parking (214 parking spaces)
Housing Type	Multifamily
Lot Size	8.58 acres, 373,745 square feet
Units	170
Density	19.81 dwelling units per acre (170 units ÷ 8.58 acres = 19.81 du)
Unit Mix	52 one-bedroom units, 93 two-bedroom units, and 23 three-bedroom units, 1 two-bedroom manager unit and 1 three-bedroom manager's unit
Gross Building Area	137,756 square feet
Net Rentable Area	135,506 square feet

The Development

Bella Vista is an existing 170-unit multifamily rental development located at 4742 Solola Avenue, San Diego (Attachment 2 - Site Map). Bella Vista consists of 34 two-story buildings, four utility structures, three laundry rooms, and one rental office/community room on approximately 8.58 acres (373,745 square feet). The project has 52 one bedroom/1 bath units (averaging 629 square feet), 93 two bedroom/1 bath units, (averaging 825 square feet), and 23 three bedroom/2 bath units, (averaging 1,052 square feet), 1 two bedroom manager unit and one three bedroom manager unit. There are 214 surface parking spaces. Site amenities include a tot-lot/playground, clubhouse/meeting room, on-site laundry, security perimeter fencing, security cameras near management office and laundry rooms, walk-in closets for 2-bedroom units, and tenant services (including adult computer lab and children's after school program). Unit amenities include: refrigerator, range, garbage disposal, window coverings, and some patios.

Building Condition/Proposed Rehabilitation Work

The developer is proposing to substantially rehabilitate the property to extend its useful life. The proposed rehabilitation scope includes substantial improvements to: roofs, windows, cabinets, flooring, painting, electrical, plumbing, mechanical systems, and site improvements. The full scope of work, is included as Attachment 3. Bella Vista will comply with TCAC's minimum energy efficiency standards for rehabilitation projects, which require demonstrating at least 10 percent post-rehabilitation improvement in energy efficiency over existing conditions.

Development Team

Bella Vista will be owned by Bella Vista Affordable Communities L.P., a California limited partnership (BVAC) (the proposed buyer/owner). The for-profit developer is Islas Development LLC. The developer's experience includes: developing over 3,400 low-income multi-family housing units in California, New Mexico and Colorado, partner in Logan Property Management Inc. which manages and asset manages 2,800 low-income multi- family units utilizing HUD and tax credit programs, and specialist

in the marketing, evaluation/sale of apartment properties. The nonprofit Casa Familiar will be the Managing General Partner of BVAC. Bella Vista Communities LLC will be the Administrative General Partner. Aegon USA Realty Advisors LLC will be the tax credit investor. The statements for public disclosure are included as Attachment 4. Bella Vista will be managed by Logan Property Management Inc. which was founded in 2004, is headquartered in San Diego, and currently manages approximately 2,800 tax-credit housing units in California, Colorado and New Mexico.

Table 2 - Development Team & Ownership Structure Summary

ROLE	FIRM/CONTRACT
Proposed New Owner Administrative General Partner Managing General Partner Tax Credit Investor	Bella Vista Affordable Communities, L.P. Bella Vista Communities LLC Casa Familiar Inc. Aegon USA Realty Advisors, LLC
Developer	Islas Development LLC
General Contractor	Phase 3 Construction Inc. (an affiliated entity
Property Manager	Logan Property Management Inc.
Land Owner/Seller	Logan Square Housing Partners L.P.
Tenant Services Provider	Casa Familiar Inc.
Construction and Permanent Lender	Citi Community Capital

Financing Structure

Bella Vista has an estimated total development cost of $45,691,009 and an estimated total per unit cost of $268,770 per unit. The development will be financed with a combination of 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bonds, seller carryback loan and a deferred developer fee.

There will be no San Diego Housing Commission (Housing Commission) loan provided to this development. The developer's project pro forma is provided as Attachment 5. Estimated permanent sources and uses of financing are in Table 3.

Table 3 – Estimated Sources and Uses of Financing

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Tax Exempt Issuance Permanent Loan	$23,300,000	Land Acquisition Cost	$28,600,000	$168,235
Four Percent Tax Credits	14,343,659	Hard Costs (Rehabilitation)	8,770,116	51,589
Deferred Developer Fee	5,187,350	Developer Fee	5,522,589	32,486
Seller Carryback Loan	2,860,000	Relocation Costs	200,000	1,176
		Financing Costs	1,096,405	6,449
		Operating Reserve	600,471	3,532
		Other Soft Costs	901,428	5,303
Total Development Cost	**$45,691,009**	**Total Development Cost**	**$45,691,009**	**$268,770**

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 – Key Performance Indicators

Development Cost Per Unit	$45,691,009 ÷ 170 units =	$268,770
Land Cost Per Unit	$28,600,000 ÷ 170 units =	$168,235
Gross Building Square Foot Hard Cost	$8,770,116 ÷ 137,756 sq. ft. =	$64
Net Rentable Square Foot Hard Cost	$8,770,116 ÷ 135,506 sq. ft. =	$65

Developer Fee

$5,522,589	gross developer fee
- 5,187,350	deferred developer fee
$ 335,239	net cash developer fee

The net cash developer fee shall be approximately $335,239. Deferred developer fee shall be repaid from project cash flow. The proposed developer fee structure is pursuant to the Request for Approval of Updated Developer Fees, approved by the Housing Commission Board on March 10, 2017 (HCR17-022) and the Housing Authority of the City of San Diego on April 25, 2017 (HAR17-011).

Prevailing Wages

Prevailing wages are not applicable to the proposed rehabilitation because no Federal or State funds will be used.

Project Comparison Chart

There are multiple factors and variables that influence the cost of developing multifamily affordable rental housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City of San Diego impact fees, developer experience and capacity, and amenities necessary to gain tax credit approval. Table 5 shows a comparison of the subject property and other developments of similar construction type and size.

Table 5 - Comparable Rehabilitation Projects with Tax-Exempt Bonds

Project Name	Year	Construction Type	Units	Total Development Cost	Cost Per Unit	* SDHC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Subject: Bella Vista	**2017**	**2017**	170	**$45,691,009**	**$268,770**	**$0**	**$ 64**
Coronado Terrace	2017	V	312	$114,864,586	$368,156	$0	$64
Vista La Rosa	2016	V	240	$78,954,250	$328,976	$0	$53
Vista Terrace Hills	2016	V	262	$126,999,938	$484,733	$0	$112

* The Housing Commission "subsidy per unit" amount is based on the loan; it does not include the project's bonds amount.

Proposed Housing Bonds`

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make Federal 4 percent tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to the

California Debt Limit Allocation Committee (CDLAC) for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority and the San Diego City Council (City Council). Housing Authority bond inducement resolutions must be obtained prior to application submittal, and City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolutions must be secured no later than 30 days after application submittal. These actions were previously completed for Bella Vista on May 23, 2016.

On September 21, 2016, the California Tax Credit Allocation Committee (TCAC) approved $14,739,310 of 4 percent tax credits and CDLAC approved a $23,300,000 of tax-exempt Multifamily Housing Revenue Bonds. The developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The proposed financing structure will meet all the requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The Bonds/note amount that will ultimately be set will be based upon development costs, revenues, and interest rates prevailing at the time of bond issuance. The Bonds/note proceeds will be used for construction financing and permanent financing. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 6.

Public Disclosure and Bond Authorization

The tax-exempt debt, in the form of the Bonds/note, will be sold through a private placement, purchased directly by Citibank, N.A. (Citi). Citi is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, Citi will sign an "Investor's Letter" certifying, among other things, that it is buying the Bonds/note for its own account and not for public distribution. Because the Bonds/note is being sold through a private placement, an Official Statement will not be used. In addition, the Bonds/note will be neither subject to continuing disclosure requirements nor credit enhanced or rated.

Under the private placement structure for this transaction, Citi will make a loan to the Housing Authority pursuant to the terms of a Funding Loan Agreement among Citi, the Housing Authority, and a to be selected Fiscal Agent. The loan made by Citi to the Housing Authority (Funding Loan) will be evidenced by the Bonds/note, which will obligate the Housing Authority to pay Citi the amounts it receives from the Borrower, as described below. The Housing Authority and the Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the Bonds/note. The Housing Authority's obligation to make payments on the Bonds/note is limited to amounts the Fiscal Agent receives from the Borrower under the Borrower Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the Bonds/note.

The transfer of the Bonds/note to any subsequent purchaser will comply with Housing Commission policy number PO300.301. Moreover, any subsequent Bonds/note holder would be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying the Bonds/note for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the Bonds/note. The following documents will be executed on behalf of the Housing Authority with respect to the Bonds/note: Funding Loan Agreement, Borrower Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other ancillary loan documents. At the time of docketing, documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require

the consent of the City Attorney's Office and Bond Counsel. The Note will be issued pursuant to the Funding Loan Agreement. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, Citi will disburse Note proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Borrower Loan Agreement sets out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan to Citi. The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws. An Assignment of Deed of Trust and other Loan Documents, which assigns the Housing Authority's rights and responsibilities as the issuer to Citi, is signed by the Housing Authority for the benefit of Citi. Rights and responsibilities that are assigned to Citi include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by Citi to protect its financial interests as the holder of the Note.

Financial Advisor's Recommendation

Stradling Yocca Carlson & Rauth will be the bond counsel and CSG Advisors will be the bond financial advisor to work on the tax-exempt bonds issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the financial advisor's recommendation that the Housing Authority should proceed with the issuance of the bonds/note. The financial advisor's analysis and recommendation is included as Attachment 7.

TEFRA Hearing

A San Diego City Council TEFRA hearing for Bella Vista was held on May 23, 2016 (Resolution HA-1691). The resulting TEFRA approval expired after one year. The IRS Code requires a new TEFRA hearing and approval. The new TEFRA hearing is anticipated to be held on June 27, 2017.

Estimated Development Schedule

The estimated development timeline is as follows.

Milestones	Estimated Dates
• Housing Authority proposed final bond authorization & TEFRA	• June 27, 2017
• Estimated bond issuance and escrow closing	• July 2017
• Estimated start of rehabilitation	• August 2017
• Estimated completion of rehabilitation	• August 2018

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, Bella Vista would restrict:

- 144 of its affordable units to households with incomes at or below 50 percent of AMI, currently $45,450 per year for a family of four; and
- 24 of its affordable units to households at or below 60 percent of AMI, currently $54,540 per year for a family of four.
- One two-bedroom unit, and one three-bedroom unit, will be used as rent-free employee units with no income restrictions.

Bella Vista will be affordable for a 55-year term. Table 6 summarizes the affordability:

Table 6 –Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units*	Gross TCAC Rent	Estd Market Rents *	Rent Savings Per Unit
1-BD/1BA	50% AMI	47**	$853	$1,170	$317
2-BD/1BA	50% AMI	76**	$1,023	$1,485	**$462
3-BD/2BA	50% AMI	11**	$1,136	$1,575	**$439
3-BD/2BA	50% AMI	10**	$1,136	$1,620	**$484
Subtotal		**144**			
1-BD/1BA	60% AMI	5	$1,092	$1,170	$78
2-BD/1BA	60% AMI	17	$1,229	$1,485	$256
3-BD/2BA	60% AMI	2	$1,364	$1,575	$211
Subtotal		**24**			
2-BD/1BA Manager	N/A	**1**	N/A	N/A	N/A
3 BD/2BA Manager	N/A	**1**	N/A	N/A	N/A
Total		**170**			

* Estimated net rents after utilities allowance deduction. Rent comparability study by Lea & Company.

** The Department of Housing and Urban Development (HUD) previously approved a Project Based Section 8 Housing Assistance Payments Contract (HUD/HAP Contract) for 144 of the 170 units. The HUD/HAP Contract was renewed in 2009 and will run until 2027. The developer has obtained HUD approval of the property transfer and of the proposed Section 8 rents. Under this Project Based Section 8 program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder federally subsidized up to a contract rent level approved by HUD.

In addition to the bond and tax credit regulatory restrictions, the Bella Vista development is subject to an existing Declaration of Covenants, Conditions, and Restrictions from a previous Housing Commission loan that has been fully repaid. The more stringent of the various rent restrictions will take precedence during the term of their applicability

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action will increase the Housing Authority approved Fiscal Year (FY) 2017 Housing Commission Budget by $58,250. Approving this action will not change the FY 2017 total budget.

Funding sources approved by this action will be as follows:
Bonds/note Issuance Fees - $58,250

Funding uses approved by this action will be as follows:
Rental Housing Finance Program Administration Costs - $58,250

The bonds will not constitute a debt of the City. If the Bonds/note is ultimately issued for the project, the Bonds/note will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the Bonds/note will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City nor the faith and credit of the Housing Authority will be pledged to the payment of the bonds. The developer is responsible for the payment of

all costs under the financing, including the Housing Commission's issuer fee (estimated at $58,250 with a $23,300,000 Bonds/note), annual bond administration fee, as well as Housing Commission bond counsel and financial advisor fees. Payments to Housing Commission include an estimated $27,000 payment for attorney costs, and an estimated $25,500 annual payment for affordability monitoring.

PREVIOUS COUNCIL AND COMMITTEE ACTIONS:

On October 12, 2001 the Housing Commission approved (HCR 01-110) a $1,000,000 residual receipt loan and authorized issuance of $10,500,000 of tax-exempt Multifamily Housing Revenue Bonds for this complex which was previously called Logan Square Apartments. The developer has paid off that Logan Square residual receipts loan. On May 20, 2016, the Housing Commission (HCR16-042) and on May 23, 2017, the Housing Authority (HAR-16-017) approved preliminary steps to issue up to $23,300,000 of tax exempt multifamily housing financing.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On March 21, 2016, the Encanto Neighborhoods Community Planning Group voted in support of the project: 10 in favor with one abstention.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders for this project include: the residents of Bella Vista, Logan Square Housing Partners, L.P. as the project's current owner/seller, the proposed buyer Bella Vista Affordable Communities, L.P., and the Housing Authority as the proposed bonds issuer. The property rehabilitation is expected to have a positive impact on the community because it will preserve and improve existing affordable housing.

ENVIRONMENTAL REVIEW

The project is exempt under the provisions the California Environmental Quality Act of 1970 [CEQA] as a Class 1 existing facility exemption for the reasons hereinafter stated. There are no federal funds involved in this project and therefore no NEPA analysis is required.

Class 1 existing facility exemption consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The types of "existing facilities" include but are not limited to interior or exterior alterations involving such things as interior partitions, plumbing, and electrical improvements. In this case, the project exists and has existed for many years. The proposed rehabilitation is limited to the existing structures and involves interior and exterior renovation, which qualifies it for an exemption under the provisions of Categorical Exemption 15301. Therefore, the project is categorically exempt from the provisions of CEQA.

Respectfully submitted,

J.P. Correia

J.P. Correia
Senior Real Estate Project Manager
Real Estate Division

Approved by,

Deborah N. Ruane

Deborah N. Ruane
Executive Vice President & Chief Strategy Officer
Real Estate Division

Attachments:

1) Development Summary
2) Site Map
3) Rehabilitation Scope of Work
4) Developer's Disclosure Statements
5) Project Pro Forma
6) Multifamily Housing Revenue Bond Program
7) Financial Advisor's Analysis

Hard copies are available for review during business hours at the security information desk in the main lobby and at the fifth floor reception desk at the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the "Public Meetings" section of the San Diego Housing Commission website at www.sdhc.org

HOUSING AUTHORITY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE ISSUANCE OF ITS TAXABLE MULTIFAMILY HOUSING REVENUE NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $12,700,000 TO FINANCE THE ACQUISITION, REHABILITATION, AND EQUIPPING OF THE BELLA VISTA APARTMENTS PROJECT, AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to issue revenue bonds or notes to finance the acquisition, rehabilitation, and equipping of multifamily rental housing and provide capital improvements in connection with and determined necessary to the multifamily rental housing; and

WHEREAS**,** Bella Vista Affordable Communities, L.P., a California limited partnership (Borrower), has requested that the Authority issue a tax-exempt multifamily housing revenue note to finance the Borrower's acquisition, rehabilitation, and equipping by the Borrower of a multifamily residential rental housing facility known as "Bella Vista Apartments" (Project), which consists of 170 apartment units located at 4742 Solola Avenue in the City of San Diego; and

WHEREAS, the Board of Commissioners of the Authority (Board) desires that a portion of the units in the Project be available for low and very low income persons, and to accomplish

such purpose it is desirable for the Authority to issue a tax-exempt multifamily housing revenue note to help finance the Project; and

WHEREAS, the Authority intends to enter into a Funding Loan Agreement, by and among the Authority, U.S. Bank National Association (Fiscal Agent), and Citibank, N.A., the initial Funding Lender (Funding Lender), dated as of August 1, 2017 (Funding Loan Agreement), under which the Funding Lender will loan the Authority up to $36,000,000 (Funding Loan) to loan to the Borrower pursuant to that certain Borrower Loan Agreement, to be entered into by and among the Authority, the Fiscal Agent, and the Borrower, dated as of August 1, 2017 (Borrower Loan Agreement) to provide the Borrower with up to $36,000,000 (Borrower Loan) to provide financing to acquire, rehabilitate, and equip the Project; and

WHEREAS, on June 27, 2017, the Board adopted Resolution HA-1741 (Resolution of Issuance) authorizing the execution and delivery to the Funding Lender of up to $23,300,000 of its tax-exempt multifamily housing revenue notes (Tax Exempt Governmental Lender Notes) evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in the Funding Loan Agreement; and

WHEREAS, since the adoption of the Resolution of Issuance, Borrower has requested the Authority approve an additional series of taxable multifamily housing revenue notes not to exceed $12,700,000 (Taxable Governmental Lender Note, and, together with the Tax Exempt Governmental Lender Notes, the Governmental Lender Notes) as provided in the Funding Loan Agreement; and

WHEREAS, as with the previously authorized Tax Exempt Governmental Lender Notes, the Authority's obligation to repay the Taxable Governmental Lender Note shall be limited solely to the corresponding multifamily note executed and delivered by the Borrower to the

Authority (Taxable Borrower Note) and other moneys and security pledged under the Funding Loan Agreement and the Borrower Loan Agreement; and

WHEREAS, as with the previously authorized Tax Exempt Governmental Lender Notes, the Authority will loan the proceeds of the Taxable Governmental Lender Note to the Borrower and the Borrower will use the proceeds of the Taxable Governmental Lender Note exclusively to finance the costs of acquisition, rehabilitation, and equipping of the Project and the costs of issuing the Governmental Lender Notes; and

WHEREAS, the following documents are presented for consideration:

(1) The revised form of Funding Loan Agreement previously approved by the Board, revised to include the Taxable Governmental Lender Note and Taxable Borrower Note;

(2) The revised form of Borrower Loan Agreement, revised to include the Taxable Governmental Lender Note and Taxable Borrower Note; and

(3) The revised form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and among the Authority, the Fiscal Agent and the Borrower, revised to include the Taxable Governmental Lender Note and Taxable Borrower Note.

WHEREAS, it appears that each of the above-referenced documents is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of San Diego, as follows:

Section 1. Authorization of Taxable Governmental Lender Note. For the purpose of financing the acquisition, rehabilitation, and equipping of the Project, the Authority approves the

issuance of the Taxable Governmental Lender Note in an aggregate principal amount not to exceed $12,700,000. This approval is in addition to the approval of the Tax Exempt Governmental Lender Notes previously approved by the Resolution of Issuance. The Taxable Governmental Lender Note shall be issued in the principal amount, and shall bear interest and mature, as provided in the Funding Loan Agreement. The Taxable Governmental Lender Note shall be in substantially the form set forth in the Funding Loan Agreement, with such appropriate variations, omissions, insertions, and provisions as are required or permitted by the Funding Loan Agreement. The Taxable Governmental Lender Note shall be a special, limited obligation of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Funding Loan Agreement shall be paid and satisfied, solely from the revenues, receipts, and other moneys and assets pledged under the Funding Loan Agreement.

Section 2. Execution and Delivery of the Taxable Governmental Lender Note. The Taxable Governmental Lender Note shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairman of the Authority (Chairman), the Vice Chairman of the Authority (Vice Chairman), the Executive Director of the Authority (Executive Director), the Senior Vice President of Real Estate (Senior Vice President) of the San Diego Housing Commission (Housing Commission), the Vice President of Real Estate Finance and Program Development of the Housing Commission (Senior Director), or the Chief Operating Officer of the Housing Commission (COO), and the official seal of the Authority, or a facsimile thereof, shall be impressed or imprinted and attested with the manual or facsimile signature of the Secretary or a Deputy Secretary of the Authority.

Section 3. Approval of the Revised Funding Loan Agreement. The revised Funding Loan Agreement, in the form on file in the Housing Commission offices, is approved. The Chairman,

the Vice Chairman, the Executive Director, the Senior Vice President, the Senior Director, the COO and the Secretary or a Deputy Secretary of the Authority, or the designee of any such officer (collectively, the Designated Officers) are each authorized to execute and deliver the Funding Loan Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Funding Loan Agreement approved in this Resolution.

Section 4. Approval of the Revised Borrower Loan Agreement. The revised Borrower Loan Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Borrower Loan Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Borrower Loan Agreement approved in this Resolution.

Section 5. Approval of revised Regulatory Agreement. The revised Regulatory Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Regulatory Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Regulatory Agreement approved in this Resolution.

Section 6. Actions Ratified and Authorized. All prior actions taken by the officers, employees, and agents of the Authority with respect to the issuance of the Governmental Lender

Notes are approved, confirmed and ratified, and the Designated Officers are each authorized, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements (including a tax agreement or no arbitrage certificate), and other documents, including but not limited to those described in any of the documents approved by this Resolution and an endorsement of the Borrower's promissory note, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Governmental Lender Notes and the making of the Borrower Loan (as defined in the Borrower Loan Agreement) in accordance with the Act and this Resolution.

Section 7. Further Consents, Approvals and Other Actions. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution or otherwise appropriate in the administration of the Governmental Lender Notes and the lending program financed by the Governmental Lender Notes, including without limitation any of the foregoing which may be necessary or desirable in connection with any amendment of such documents, including, without limitation, any transfer of the Project, any substitution of security for the Governmental Lender Notes, or any prepayment of the Borrower Loan or the Governmental Lender Notes, may be taken or given by any of the Designated Officers, in consultation with the Authority's General Counsel, without further authorization by the Board, and the Designated Officers are authorized and directed to give any such consent, approval, notice, order, or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this Resolution.

Section 8. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any remaining provisions of this Resolution.

Section 9. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Nathan Slegers
Deputy City Attorney

NLJS:dkr
July 14, 2017
Or.Dept: Housing Authority
Doc. No. 1540660

BORROWER LOAN AGREEMENT

between the

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Governmental Lender

and

BELLA VISTA AFFORDABLE COMMUNITIES, L.P.,
a California limited partnership
as Borrower

dated as of August 1, 2017

relating to:

$_____
Funding Loan originated by CITIBANK, N.A., as Funding Lender
from the proceeds of the

$_____
Housing Authority of the City of San Diego
Multifamily Housing Revenue Note
(Bella Vista Apartments), 2017 Series A

and

$_____
Housing Authority of the City of San Diego
Multifamily Housing Revenue Note
(Bella Vista Apartments), 2017 Taxable Series B

The interest of the Governmental Lender in this Borrower Loan Agreement (except for certain rights described herein) has been pledged and assigned to Citibank, N.A., as funding lender (the "Funding Lender"), under that certain Funding Loan Agreement, of even date herewith, by and among the Housing Authority of the City of San Diego (the "Governmental Lender"), U.S. Bank National Association, as fiscal agent, and the Funding Lender, under which the Funding Lender is originating a loan to the Governmental Lender the proceeds of which are to be used to fund the Borrower Loan made under this Borrower Loan Agreement.

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BORROWER LOAN AGREEMENT

This Borrower Loan Agreement, dated as of August 1, 2017 (this "**Borrower Loan Agreement**") is entered into by the Housing Authority of the City of San Diego, a public body corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the "**Governmental Lender**"), and Bella Vista Affordable Communities, L.P., a California limited partnership (together with its successors and assigns, the "**Borrower**").

R E C I T A L S :

WHEREAS, the Governmental Lender is a public body, corporate and politic, duly organized and validly existing under the laws of the State of California; and

WHEREAS, the Governmental Lender is empowered pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "**Act**") to: (a) make loans to any person to provide financing for residential rental developments located within the City of San Diego, California, and intended to be occupied in part or in whole by persons of low and moderate income; (b) borrow funds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with any such borrowing by the Governmental Lender; and (c) pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the repayment of any such borrowing by the Governmental Lender; and

WHEREAS, the Borrower has applied to the Governmental Lender for a loan (the "**Borrower Loan**"), for the acquisition, rehabilitation, development and equipping of a 170 unit multifamily rental housing project located at 4742 Solola Avenue in the City of San Diego, County of San Diego, California, known as "Bella Vista Apartments"; and

WHEREAS, the Borrower's repayment obligations under this Borrower Loan Agreement are evidenced by the Borrower Notes, as defined herein; and

WHEREAS, the Borrower has requested that the Governmental Lender enter into that certain Funding Loan Agreement, of even date herewith (the "**Funding Loan Agreement**"), among the Governmental Lender, U.S. Bank National Association, as fiscal agent (the "**Fiscal Agent**"), and Citibank, N.A. (the "**Funding Lender**"), under which the Funding Lender will make a loan (the "**Funding Loan**") to the Governmental Lender (and the Governmental Lender will issue its Governmental Lender Notes (as defined herein) in connection therewith), the proceeds of which will be loaned under this Borrower Loan Agreement to the Borrower to finance the acquisition and rehabilitation of the Project (as defined herein); and

WHEREAS, the Borrower Loan is secured by, among other things, that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (California) (as amended, restated and/or supplemented from time to time, the "**Security Instrument**"), of even date herewith and assigned to the Funding Lender to secure the Funding Loan, which Security Instrument encumbers the Project, and the Borrower Loan will be advanced to the Borrower pursuant to this Borrower Loan Agreement, the Funding Loan Agreement and the Construction Funding Agreement (as defined herein); and

A G R E E M E N T :

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Specific Definitions. For all purposes of this Borrower Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Security Instrument or, if not defined in the Security Instrument, in the Funding Loan Agreement.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP.

(c) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(d) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(e) Unless otherwise specified, (i) all references to sections and schedules are to those in this Borrower Loan Agreement, (ii) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Borrower Loan Agreement as a whole and not to any particular provision, (iii) all definitions are equally applicable to the singular and plural forms of the terms defined and (iv) the word "including" means "including but not limited to."

Section 1.2. Definitions. The following terms, when used in this Borrower Loan Agreement (including when used in the above recitals), shall have the following meanings:

"**Act**" shall have the meaning given to it in the recitals to this Borrower Loan Agreement.

"**Act of Bankruptcy**" shall mean the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of an involuntary proceeding, such proceeding is not dismissed within ninety (90) days after the commencement thereof.

"**ADA**" shall have the meaning set forth in Section 4.1.38 hereof.

"**Additional Borrower Payments**" shall mean the payments payable pursuant to Section 2.5 (Additional Borrower Payments), Section 2.6 (Overdue Payments; Payments in Default), Section

3.3.3 of the Construction Funding Agreement (Borrower Loan in Balance), Section 5.14 (Expenses), and Section 10 of the Borrower Notes (Voluntary and Involuntary Prepayments).

"**Agreement of Environmental Indemnification**" shall mean the Agreement of Environmental Indemnification, of even date herewith, executed by the Borrower and Guarantor for the benefit of the Beneficiary Parties (as defined therein) and any lawful holder, owner or pledgee of the Borrower Note from time to time.

"**Appraisal**" shall mean an appraisal of the Project and Improvements, which appraisal shall be (i) performed by a qualified appraiser licensed in the State selected by Funding Lender, and (ii) satisfactory to Funding Lender (including, without limitation, as adjusted pursuant to any internal review thereof by Funding Lender) in all respects.

"**Approved Developer Fee Schedule**" shall have the meaning set forth in the Construction Funding Agreement.

"**Architect**" shall mean any licensed architect, space planner or design professional that Borrower may engage from time to time, with the approval of Funding Lender, to design any portion of the Improvements, including the preparation of the Plans and Specifications.

"**Architect's Agreement**" means any agreement that Borrower and any Architect from time to time may execute pursuant to which Borrower engages such Architect to design any portion of the Improvements, including the preparation of the Plans and Specifications, as approved by Funding Lender.

"**Authorized Borrower Representative**" shall mean a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer and containing the specimen signature of such person and signed on behalf of the Borrower by its Borrower Controlling Entity which certificate may designate one or more alternates.

"**Bankruptcy Code**" shall mean the United State Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

"**Bankruptcy Event**" shall have the meaning given to that term in the Security Instrument.

"**Bankruptcy Proceeding**" shall have the meaning set forth in Section 4.1.8 hereof.

"**Beneficiary Parties**" shall mean, collectively, the Funding Lender and the Governmental Lender.

"**Borrower**" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"**Borrower Affiliate**" means, as to the Borrower, its general partner or the Guarantor, (i) any entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of Borrower, its general partner or the Guarantor, (ii) any corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by the Borrower, its general partner or the Guarantor, (iii) any partner of Borrower, its general partner or the Guarantor, or (iv) any other person that is

related (to the third degree of consanguinity) by blood or marriage to the Borrower, its general partner or the Guarantor (to the extent any of the Borrower, its general partner or the Guarantor is a natural person).

"**Borrower Controlling Entity**" shall mean the general partner of the Borrower.

"**Borrower Deferred Equity**" shall have the meaning set forth in the Construction Funding Agreement.

"**Borrower Initial Equity**" shall have the meaning set forth in the Construction Funding Agreement.

"**Borrower Loan**" shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to this Borrower Loan Agreement, in the maximum principal amount of the Borrower Loan Amount, as evidenced by the Borrower Notes.

"**Borrower Loan Agreement**" shall mean this Borrower Loan Agreement.

"**Borrower Loan Amount**" shall mean $[_____], the original maximum principal amount of the Borrower Notes.

"**Borrower Loan Documents**" shall mean this Borrower Loan Agreement, the Construction Funding Agreement, the Borrower Notes, the Security Instrument, the Agreement of Environmental Indemnification, the Replacement Reserve Agreement, the Guaranty, the Contingency Draw Down Agreement, and all other documents or agreements evidencing or relating to the Borrower Loan.

"**Borrower Loan Payment Date**" shall mean (i) the date upon which regularly scheduled Borrower Loan Payments are due pursuant to the Borrower Notes, or (ii) any other date on which the Borrower Notes are prepaid or paid, whether at the scheduled maturity or upon the acceleration of the maturity thereof.

"**Borrower Loan Payments**" shall mean the monthly loan payments payable pursuant to the Borrower Notes.

"**Borrower Loan Proceeds**" shall mean proceeds of the Borrower Loan, to be disbursed in accordance with Section 2.10 of this Borrower Loan Agreement and the Construction Funding Agreement.

"**Borrower Notes**" shall mean, collectively, the Series A Borrower Note and the Series B Borrower Note.

"**Borrower Payment Obligations**" shall mean all payment obligations of the Borrower under the Borrower Loan Documents, including, but not limited to, the Borrower Loan Payments and the Additional Borrower Payments.

"**Business Day**" shall mean any day other than (i) a Saturday or Sunday, or (ii) a day on which the Fiscal Agent or federally insured depository institutions in New York, New York are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

"**Calculation Period**" shall mean three (3) consecutive full Calendar Months occurring prior to the Conversion Date, as the same may be extended in accordance with Section 3.1 hereof.

"**Calendar Month**" shall mean each of the twelve (12) calendar months of the year.

"**CC&R's**" shall mean any covenants, conditions, restrictions, maintenance agreements or reciprocal easement agreements affecting the Project or the Mortgaged Property.

"**Closing Date**" means August __, 2017, the date that the initial Borrower Loan Proceeds are disbursed hereunder.

"**Code**" shall mean the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"**Co-General Partner**" means Lilly Communities, LLC, a California limited liability company, its successors and assigns.

"**Collateral**" shall mean all collateral described in (i) this Borrower Loan Agreement (including, without limitation, all property in which the Funding Lender is granted a security interest pursuant to any provision of this Borrower Loan Agreement), (ii) the Security Instrument, or (iii) any other Security Document, which Collateral shall include the Project, all of which collateral is pledged and assigned to Funding Lender under the Funding Loan Agreement to secure the Funding Loan.

"**Completion**" shall have the meaning set forth in Section 5.25.

"**Completion Date**" shall have the meaning set forth in the Construction Funding Agreement.

"**Computation Date**" shall have the meaning ascribed thereto in Section 1.148 3(e) of the Regulations.

"**Condemnation**" shall mean any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Project, whether direct or indirect.

"**Conditions to Conversion**" shall have the meaning set forth in the Construction Funding Agreement.

"**Construction Consultant**" shall mean a third-party architect or engineer selected and retained by Funding Lender, at the cost and expense of Borrower, to monitor the progress of construction and/or rehabilitation of the Project and to inspect the Improvements to confirm compliance with this Borrower Loan Agreement.

"**Construction Contract**" shall mean any agreement that Borrower and any Contractor from time to time may execute pursuant to which Borrower engages the Contractor to rehabilitate any portion of the Improvements, as approved by Funding Lender.

"**Construction Funding Agreement**" means that certain Construction Funding Agreement of even date herewith, between the Funding Lender, as agent for the Governmental Lender, and Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender (or the Servicer on its behalf), as agent of the Governmental Lender, to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

"**Construction Schedule**" shall mean a schedule of construction or rehabilitation progress with the anticipated commencement and completion dates of each phase of construction or rehabilitation, as the case may be, and the anticipated date and amounts of each Disbursement for the same, as approved by Funding Lender, as assignee of the Governmental Lender.

"**Contingency Draw-Down Agreement**" means the Contingency Draw-Down Agreement of even date herewith, among the Fiscal Agent, the Funding Lender and the Borrower relating to possible conversion of the Funding Loan from a draw down loan to a fully funded loan.

"**Continuing Disclosure Agreement**" shall mean that certain Continuing Disclosure Agreement of even date herewith, between the Borrower and the Funding Lender, pursuant to which the Borrower agrees to provide certain information with respect to the Project, the Borrower and the Funding Loan subsequent to the Closing Date, as amended, supplemented or restated from time to time.

"**Contractor**" shall mean Phase 3 Construction or any other licensed general contractor or subcontractor that Borrower may directly engage from time to time, with the approval of Funding Lender, to construct and/or rehabilitate any portion of the Improvements.

"**Contractual Obligation**" shall mean, for any Person, any debt or equity security issued by that Person, and any indenture, mortgage, deed of trust, contract, undertaking, instrument or agreement (written or oral) to which such Person is a party or by which it is bound, or to which it or any of its assets is subject.

"**Conversion**" shall mean Funding Lender's determination that the Conditions to Conversion have been satisfied in accordance with the provisions of this Borrower Loan Agreement and the Construction Funding Agreement.

"**Conversion Date**" shall mean the date to be designated by Funding Lender once the Conditions to Conversion have been satisfied, the determination of the Permanent Period Amount has been made and any loan balancing payments in accordance with Section 3.3 hereof and the Construction Funding Agreement have been made. The Conversion Date must occur no later than the Outside Conversion Date (including the Extended Outside Conversion Date, if applicable).

"**Cost Breakdown**" shall mean the schedule of costs for the Improvements, as set forth in the Construction Funding Agreement, as the same may be amended from time to time with Funding Lender's consent.

"**Costs of Funding**" shall mean the Governmental Lender's Closing Fee and the fees, costs, expenses and other charges incurred in connection with the funding of the Borrower Loan and the Funding Loan, the negotiation and preparation of this Borrower Loan Agreement and each of the

other Borrower Loan Documents and Funding Loan Documents and shall include, but shall not be limited to, the following: (i) counsel fees (including but not limited to Tax Counsel, counsel to the Governmental Lender, Borrower's counsel, and Funding Lender's counsel); (ii) financial advisor fees incurred in connection with the closing of the Borrower Loan and the Funding Loan; (iii) certifying and authenticating agent fees and expenses related to funding of the Funding Loan; (iv) printing costs (for any preliminary and final offering materials relating to the Funding Loan); (v) any recording fees; (vi) any additional fees charged by the Governmental Lender or the Fiscal Agent; and (vii) costs incurred in connection with the required public notices generally and costs of the public hearing.

"**Costs of Funding Deposit**" shall mean the amount required to be deposited by the Borrower with the Stewart Title of California, Inc. to pay Costs of Funding in connection with the closing of the Borrower Loan and the Funding Loan on the Closing Date.

"**Cost of Improvements**" shall mean the costs for the Improvements, as set forth on the Cost Breakdown.

"**Date of Disbursement**" shall mean the date of a Disbursement.

"**Day**" or "**Days**" shall mean calendar days unless expressly stated to be Business Days.

"**Debt**" shall mean, as to any Person, any of such Person's liabilities, including all indebtedness (whether recourse and nonrecourse, short term and long term, direct and contingent), all committed and unfunded liabilities, and all unfunded liabilities, that would appear upon a balance sheet of such Person prepared in accordance with GAAP.

"**Default Rate**" shall have the meaning given to that term in the Borrower Notes.

"**Determination of Taxability**" shall mean (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum concerning the Governmental Lender Notes issued by the National Office of the Internal Revenue Service in which Governmental Lender and Borrower were afforded the opportunity to participate, (iii) a determination by any court of competent jurisdiction, (iv) the enactment of legislation or (v) receipt by the Funding Lender, at the request of the Governmental Lender, the Borrower or the Funding Lender, of an opinion of Tax Counsel, in each case to the effect that the interest on the Governmental Lender Notes is includable in gross income for federal income tax purposes of any holder or any former holder of all or a portion of the Governmental Lender Notes, other than a holder who is a "substantial user" of the Project or a "related person" (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (i) or (iii) shall be deemed to have occurred if the Governmental Lender (at the sole expense of the Borrower), the Funding Lender (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, (b) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be, or (c) one year from the date of initial determination.

"**Developer Fee**" shall have the meaning set forth in the Construction Funding Agreement.

"**Disbursement**" means a disbursement of Borrower Loan Proceeds and Other Borrower Moneys pursuant to this Borrower Loan Agreement.

"**Engineer**" shall mean any licensed civil, structural, mechanical, electrical, soils, environmental or other engineer that Borrower may engage from time to time, with the approval of Funding Lender, to perform any engineering services with respect to any portion of the Improvements.

"**Engineer's Contract**" shall mean any agreement that Borrower and any Engineer from time to time may execute pursuant to which Borrower engages such Engineer to perform any engineering services with respect to any portion of the Improvements, as approved by Funding Lender.

"**Equipment**" shall have the meaning given to the term "Personalty" in the Security Instrument.

"**Equity Contributions**" shall mean the equity to be contributed by the Equity Investor to Borrower, in accordance with and subject to the terms of the Partnership Agreement.

"**Equity Investor**" shall mean AEGON USA Realty Advisors, LLC, an Iowa limited liability company, and its permitted successors and assigns.

"**ERISA**" shall mean the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"**ERISA Affiliate**" shall mean all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

"**Event of Default**" shall mean any Event of Default set forth in Section 8.1 of this Borrower Loan Agreement. An Event of Default shall "exist" if a Potential Default shall have occurred and be continuing beyond any applicable cure period.

"**Excess Revenues**" shall have the meaning ascribed thereto in Section 2.2(e) hereof.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended.

"**Expenses of the Project**" shall mean, for any period, the current expenses, paid or accrued, for the operation, maintenance and current repair of the Project, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and expenses properly designated as capital expenditures (e.g. repairs which would not be payable from amounts on deposit in a repair and replacement fund held pursuant to the Borrower Loan Documents), a management fee (however characterized) not to exceed the Underwritten Management Fee, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Project shall not include any payments, however characterized, on account of any subordinate financing in respect of the Project or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

"**Extended Outside Conversion Date**" shall have the meaning set forth in the Construction Funding Agreement.

"**Fair Market Value**" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is an interest in any commingled investment fund in which the Governmental Lender and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

"**Fiscal Agent**" shall mean the Fiscal Agent from time to time under and pursuant to the Funding Loan Agreement. Initially, the Fiscal Agent is U.S. Bank National Association.

"**Funding Lender**" shall mean Citibank, N.A., a national banking association, in its capacity as lender under the Funding Loan.

"**Funding Loan**" means the Funding Loan in the original maximum principal amount of $[_____] made by Funding Lender to Governmental Lender under the Funding Loan Agreement, the proceeds of which are used by the Governmental Lender to make the Borrower Loan.

"**Funding Loan Agreement**" means the Funding Loan Agreement, of even date herewith, among the Governmental Lender, the Fiscal Agent and the Funding Lender, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

"**Funding Loan Documents**" shall have the meaning given to that term in the Funding Loan Agreement.

"**GAAP**" shall mean generally accepted accounting principles as in effect on the date of the application thereof and consistently applied throughout the periods covered by the applicable financial statements.

"**General Partner**" shall mean, collectively, (i) the Co-General Partner, (ii) the Managing General Partner, and/or (iii) any other Person that the partners of the Borrower, with the prior written approval of the Funding Lender (or as otherwise permitted without the Funding Lender's approval pursuant to the Borrower Loan Documents), selected to be a general partner of the Borrower.

"**Governmental Authority**" shall mean (i) any governmental municipality or political subdivision thereof, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (iii) any court, administrative tribunal or

public utility, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise), now or hereafter in existence.

"**Governmental Lender**" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"**Governmental Lender Notes**" shall mean, collectively, the Series A Governmental Lender Note and the Series B Governmental Lender Note.

"**Governmental Lender's Closing Fee**" shall mean the administrative fees of the Governmental Lender payable on the Closing Date, as specified in the definition of "Governmental Lender Fee" in the Regulatory Agreement. The Governmental Lender's Closing Fee is payable to the Governmental Lender on the Closing Date pursuant to Section 2.3(c)(iii) hereof.

"**Gross Income**" shall mean all receipts, revenues, income and other moneys received or collected by or on behalf of Borrower and derived from the ownership or operation of the Project, if any, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Project. Gross Income shall not include loan proceeds, equity or capital contributions, or tenant security deposits being held by Borrower in accordance with applicable law.

"**Gross Proceeds**" shall mean, without duplication, the aggregate of:

(a) the net amount (after payment of all expenses of originating the Funding Loan) of Funding Loan proceeds received by the Governmental Lender as a result of the origination of the Funding Loan;

(b) all amounts received by the Governmental Lender as a result of the investment of the Funding Loan proceeds;

(c) any amounts held in any fund or account to the extent that the Governmental Lender reasonably expects to use the amounts in such fund to pay any portion of the Funding Loan; and

(d) any securities or obligations pledged by the Governmental Lender or by the Borrower as security for the payment of any portion of the Funding Loan.

"**Guarantor**" shall mean Ruben Islas, an individual, Michael Coit, an individual, and Jules Arthur, an individual or any other person or entity which may hereafter become a guarantor of any of the Borrower's obligations under the Borrower Loan.

"**Guaranty**" shall mean, collectively, (i) the Completion and Repayment Guaranty, of even date herewith, by Guarantor for the benefit of the Beneficiary Parties (as defined therein), and (ii) the Exceptions to Non-Recourse Guaranty, of even date herewith, by Guarantor for the benefit of the Beneficiary Parties (as defined therein).

"**Improvements**" shall mean the 170-unit [multifamily rental housing project to be rehabilitated upon the Land and known as "Bella Vista Apartments", and all other buildings,

structures, fixtures, wiring, systems, equipment and other improvements and personal property to be constructed, rehabilitated and/or installed at or on the Land in accordance with the Cost Breakdown and the Plans and Specifications.

"**Indemnified Party**" shall have the meaning set forth in Section 5.15 hereof.

"**Installment Computation Date**" shall mean any Computation Date other than the first Computation Date or the final Computation Date.

"**Interest Rate**" shall mean the rate of interest accruing on the Borrower Loan pursuant to the Borrower Notes.

"**Interim Phase Amount**" shall mean $[Loan Amount].

"**Land**" means the real property described on Exhibit A to the Security Instrument.

"**Late Charge**" shall mean the amount due and payable as a late charge on overdue payments under the Borrower Notes, as provided in Section 7 of the Borrower Notes and Section 2.5 hereof.

"**Legal Action**" shall mean an action, suit, investigation, inquiry, proceeding or arbitration at law or in equity or before or by any foreign or domestic court, arbitrator or other Governmental Authority.

"**Legal Requirements**" shall mean statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any property (including the Project) or the construction, rehabilitation, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof.

"**Liabilities**" shall have the meaning set forth in Section 5.15 hereof.

"**Licenses**" shall have the meaning set forth in Section 4.1.22 hereof.

"**Lien**" shall mean any interest, or claim thereof, in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, deed to secure debt, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project.

"**Management Agreement**" shall mean the Management Agreement between the Borrower and the Manager, pursuant to which the Manager is to manage the Project, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Manager**" shall mean Logan Property Management, Inc. or any other management company to be employed by the Borrower and approved by the Funding Lender in accordance with

the terms of the Security Instrument, this Borrower Loan Agreement or any of the other Borrower Loan Documents.

"**Managing General Partner**" shall mean [Pacific Housing, Inc., a California nonprofit public benefit corporation], as managing general partner of the Borrower.

"**Material Adverse Change**" means any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of this Borrower Loan Agreement or any other Borrower Loan Document; (b) is or could reasonably be expected to be material and adverse to the business, properties, assets, financial condition, results of operations of the Borrower, General Partner, Guarantor or the Mortgaged Property; (c) could reasonably be expected to impair materially the ability of the Borrower, General Partner or Guarantor to duly and punctually pay or perform any of their respective obligations under any of the Borrower Loan Documents to which they are a party; or (d) impairs materially or could reasonably be expected to impair materially any rights of or benefits available to the Governmental Lender under this Borrower Loan Agreement or any other Borrower Loan Document, including, without limitation, the ability of Governmental Lender or, upon the assignment of the Borrower Loan to it, of the Funding Lender, to the extent permitted, to enforce its legal remedies pursuant to this Borrower Loan Agreement or any other Borrower Loan Document.

"**Moody's**" shall mean Moody's Investors Service, Inc., or its successor.

"**Mortgaged Property**" shall have the meaning given to that term in the Security Instrument.

"**Net Operating Income**" shall mean: (i) the Gross Income, less (ii) the Expenses of the Project.

"**Nonpurpose Investment**" shall mean any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds of the Funding Loan and which is not acquired to carry out the governmental purpose of the Funding Loan.

"**Ongoing Governmental Lender Fee**" shall mean the ongoing portion of the Governmental Lender Fee (as that term is defined in the Regulatory Agreement) that is payable after the Closing Date.

"**Other Borrower Moneys**" shall mean monies of Borrower other than Borrower Loan Proceeds and includes, but is not limited to, the Subordinate Debt, Net Operating Income, the Borrower's Equity Contributions and any other funds contributed by or loaned to the Borrower for application to the Costs of the Improvements or other costs associated with the Project.

"**Other Charges**" shall mean all maintenance charges, impositions other than Taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

"**Outside Conversion Date**" shall have the meaning set forth in the Construction Funding Agreement.

"**Partnership Agreement**" shall mean that certain Amended and Restated Agreement of Limited Partnership of the Borrower dated as of August __, 2017, as the same may be amended, restated or modified from time to time in accordance with its terms.

"**Patriot Act**" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

"**Patriot Act Offense**" shall have the meaning set forth in Section 4.1.48 hereof.

"**Permanent Period**" shall mean the period of time from the Conversion Date to the Maturity Date (as defined in the Funding Loan Agreement).

"**Permanent Period Amount**" shall mean the principal amount of the Borrower Loan as of the first day of the Permanent Period following the applicable calculation provided for in the Construction Funding Agreement.

"**Permitted Encumbrances**" shall have the meaning given to that term in the Security Instrument.

"**Permitted Lease**" shall mean a lease and occupancy agreement pursuant to the form approved by Funding Lender, to a residential tenant in compliance with the Legal Requirements, providing for an initial term of not less than six (6) months nor more than two (2) years.

"**Person**" shall mean a natural person, a partnership, a joint venture, an unincorporated association, a limited liability company, a corporation, a trust, any other legal entity, or any Governmental Authority.

"**Plan**" shall mean (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

"**Plans and Specifications**" shall mean the plans and specifications or scope of work, as applicable, and all approved changes thereto pursuant to the approval process set forth in the Construction Funding Agreement, for the construction and/or rehabilitation, as the case may be, of the Project approved by Funding Lender.

"**Potential Default**" shall mean the occurrence of an event which, under this Borrower Loan Agreement or any other Borrower Loan Document, would, but for the giving of notice or passage of time, or both, be an Event of Default.

"**Prepayment Premium**" shall mean any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Notes (including any prepayment premium as set forth in the Borrower Notes).

"**Project**" shall mean the Mortgaged Property (as defined in the Security Instrument) and Improvements thereon owned by the Borrower and encumbered by the Security Instrument, together with all rights pertaining to such real property and Improvements, as more particularly described in the Granting Clauses of the Security Instrument and referred to therein as the "Mortgaged Property."

"**Project Agreements and Licenses**" shall mean any and all Construction Contracts, Engineer's Contracts and Management Agreements, and all other rights, licenses, permits, franchises, authorizations, approvals and agreements relating to use, occupancy, operation or leasing of the Project or the Mortgaged Property.

"**Provided Information**" shall have the meaning set forth in Section 9.1.1 (a) hereof.

"**Qualified Project Costs**" shall have the meaning given to it in the Regulatory Agreement.

"**Rebate Amount**" shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the tax exempt portion of the Funding Loan.

"**Rebate Analyst**" shall mean the rebate analyst selected by the Borrower and acceptable to the Governmental Lender and the Funding Lender.

"**Rebate Analyst's Fee**" shall mean the annual fee of the Rebate Analyst payable by the Borrower to the Rebate Analyst.

"**Rebate Fund**" shall mean the Rebate Fund created pursuant to Section 5.35 hereof.

"**Regulatory Agreement**" means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2017, among the Governmental Lender, the Fiscal Agent and the Borrower.

"**Related Documents**" shall mean, collectively, any agreement or other document (other than the Borrower Loan Documents) granting a security interest (including each agreement that is the subject of any Borrower Loan Document), and any other agreement, instrument or other document (not constituting a Borrower Loan Document) relating to or executed in connection with the transactions contemplated by this Borrower Loan Agreement.

"**Replacement Reserve Agreement**" shall mean the Replacement Reserve Agreement, of even date herewith, between the Borrower and the Funding Lender, as the same may be amended, restated or supplemented from time to time.

"**Replacement Reserve Fund Requirement**" means Borrower's funding obligations from time to time under the Replacement Reserve Agreement.

"**Retainage**" shall have the meaning set forth in the Construction Funding Agreement.

"**Review Fee**" shall mean the three thousand dollar ($3,000) fee payable to Funding Lender in connection with the review of requests from the Borrower in connection with events requiring the consent and/or approval of the Funding Lender, including, but not limited to, subordinate financings and easements.

"**Secondary Market Disclosure Document**" shall have the meaning set forth in Section 9.1.2 hereof.

"**Secondary Market Transaction**" shall have the meaning set forth in Section 9.1.1 hereof.

"**Securities**" shall have the meaning set forth in Section 9.1.1 hereof.

"**Securities Act**" shall mean the Securities Act of 1933, as amended.

"**Security Documents**" shall mean the Security Instrument, the Replacement Reserve Agreement, the Collateral Agreements, the Collateral Assignments, this Borrower Loan Agreement, the Agreement of Environmental Indemnification, and such other security instruments that Funding Lender may reasonably request.

"**Security Instrument**" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"**Series A Borrower Note**" shall mean that certain Multifamily Note, dated the Closing Date, in the original maximum principal amount of $_____, made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series A-1 Governmental Lender Note, as endorsed and assigned by the Governmental Lender without recourse to the Funding Lender, as executed by the Borrower on the Closing Date, and as it may thereafter be amended or supplemented from time to time.

"**Series A Governmental Lender Note**" shall mean that certain Housing Authority Multifamily of the City of San Diego Housing Revenue Note (Bella Vista Apartments) 2017 Series A-1, dated the Closing Date, in the original maximum principal amount of $_____, made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

"**Series B Borrower Note**" shall mean that certain Multifamily Note, dated the Closing Date, in the original maximum principal amount of $_____, made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series B Governmental Lender Note, as endorsed and assigned by the Governmental Lender without recourse to the Funding Lender, as executed by the Borrower on the Closing Date, and as it may thereafter be amended or supplemented from time to time.

"**Series B Governmental Lender Note**" shall mean that certain Housing Authority Multifamily of the City of San Diego Housing Revenue Note (Bella Vista Apartments) 2017 Taxable Series B, dated the Closing Date, in the original maximum principal amount of $_____, made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

"**Servicer**" shall mean the Servicer contracting with or appointed by the Funding Lender to service the Borrower Loan. The initial Servicer shall be Citibank, N.A.

"**Servicing Agreement**" shall mean any servicing agreement or master servicing agreement, among the Servicer and the Funding Lender relating to the servicing of the Borrower Loan and any amendments thereto or any replacement thereof.

"**Standard & Poor's**" or "**S&P**" shall mean Standard & Poor's Ratings Services, a division of McGraw Hill Financial, Inc., or its successors.

"**State**" shall mean the State in which the Project is located.

"**Subordinate Debt**" shall mean the subordinate loan to Borrower in the amount of $_____ being made by Subordinate Lender as of the Closing Date pursuant to the Subordinate Loan Documents.

"**Subordinate Lender**" shall mean Logan Square Housing Partners, L.P.

"**Subordinate Loan Documents**" shall mean, collectively, all instruments, agreements and other documents evidencing, securing or otherwise relating to the Subordinate Debt or executed and delivered by Borrower and/or Subordinate Lender in connection with the Subordinate Debt.

"**Substantial Completion Date**" shall have the meaning set forth in the Construction Funding Agreement.

"**Substantially Complete**" or "**Substantially Completed**" shall have the meaning set forth in the Construction Funding Agreement.

"**Tax Counsel**" shall have the meaning set forth in the Funding Loan Agreement.

"**Taxes**" shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

"**Term**" shall mean the term of this Borrower Loan Agreement pursuant to Section 10.14.

"**Title Company**" means Stewart Title of California, Inc.

"**Title Insurance Policy**" shall mean the mortgagee title insurance policy, in form acceptable to the Funding Lender, issued with respect to the Mortgaged Property and insuring the lien of the Security Instrument.

"**Transfer**" shall have the meaning given to that term in the Security Instrument.

"**UCC**" shall mean the Uniform Commercial Code as in effect in the State.

"**Unassigned Rights**" shall have the meaning set forth in the Funding Loan Agreement.

"**Underwritten Management Fee**" shall have the meaning set forth in the Construction Funding Agreement.

"**Unit**" shall mean a residential apartment unit within the Improvements.

"**Written Consent**" and "**Written Notice**" shall mean a written consent or notice signed by an Authorized Borrower Representative or an authorized representative of the Governmental Lender or the Funding Lender, as appropriate.

ARTICLE II

GENERAL

Section 2.1. Origination of Borrower Loan. In order to provide funds for the purposes provided herein, the Governmental Lender agrees that it will, in accordance with the Act, enter into

the Funding Loan Agreement and accept the Funding Loan from the Funding Lender. The proceeds of the Funding Loan shall be advanced by the Funding Lender and disbursed by the Fiscal Agent to the Borrower in accordance with the terms of the Construction Funding Agreement and this Borrower Loan Agreement.

The Governmental Lender hereby appoints the Funding Lender as its agent with full authority and power to act on its behalf to disburse the Borrower Loan for the account of the Governmental Lender, to take certain actions and exercise certain remedies with respect to the Borrower Loan, and for the other purposes set forth in this Borrower Loan Agreement and to do all other acts necessary or incidental to the performance and execution thereof. This appointment is coupled with an interest and is irrevocable except as expressly set forth herein. Accordingly, references to the rights of the Funding Lender to take actions under this Borrower Loan Agreement shall refer to Funding Lender in its role as agent of the Governmental Lender. The Funding Lender may designate Servicer to fulfill the rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to this Section 2.1. Notwithstanding the foregoing, disbursements of the Borrower Loan shall be made from the Project Fund held by the Fiscal Agent pursuant to the Funding Loan Agreement.

Section 2.2. Security for the Funding Loan.

(a) As security for the Funding Loan, the Governmental Lender has pledged and assigned to the Funding Lender under and pursuant to the Funding Loan Agreement (a) the Borrower Notes and all of its right, title and interest in and to this Borrower Loan Agreement and the Borrower Loan Documents (except for the Unassigned Rights) and all revenues and receipts therefrom and the security therefor (including the Security Instrument) and (b) the amounts on deposit from time to time in any and all funds established under the Funding Loan Agreement. All revenues and assets pledged and assigned thereby shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Borrower Notes, which shall be delivered to the Funding Lender. The Borrower hereby acknowledges and consents to such assignment to the Funding Lender.

(b) With respect to the Unassigned Rights, subject to the limitations set forth in this Section 2.2, the Governmental Lender may:

(i) ***Tax Covenants***. Seek specific performance of, and enforce, the tax covenants in Section 8.7 of the Funding Loan Agreement, the provisions of the Regulatory Agreement, the Tax Certificate and the covenants of the Borrower in Section 5.34 of this Borrower Loan Agreement, and seek injunctive relief against acts which may be in violation of any of the foregoing covenants, and enforce the Borrower's obligation under Section 5.35 to pay amounts for credit to the Rebate Fund;

(ii) ***Regulatory Agreement***. Seek specific performance of the obligations of the Borrower or any other owner of the Project under the Regulatory Agreement and injunctive relief against acts which may be in violation of the Regulatory Agreement or otherwise in accordance with the provisions of the Regulatory Agreement; provided, however, that the Governmental Lender may enforce any right it may have under the Regulatory Agreement for monetary damages only against Excess Revenues (defined below), if any, of the Borrower, unless Funding Lender otherwise specifically consents in writing to the use of other funds; and

(iii) ***Reserved Rights***. Take whatever action at law or in equity which appears necessary or desirable to enforce the other Unassigned Rights, provided, however, that the Governmental Lender or any person under its control may only enforce any right it may have for monetary damages against Excess Revenues, if any, of the Borrower, unless Funding Lender otherwise specifically consents in writing to the enforcement against other funds of the Borrower.

(c) In no event shall the Governmental Lender, except at the express written direction of the Funding Lender:

(i) prosecute its action to a lien on the Project; or

(ii) take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Borrower Loan or of causing the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

(iii) interfere with the exercise by Funding Lender or Servicer of any of their rights under the Borrower Loan Documents upon the occurrence of an event of default by the Borrower under the Borrower Loan Documents or the Funding Loan Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Borrower Loan or the Funding Loan.

(d) The Governmental Lender shall provide Written Notice to the Funding Lender and the Servicer immediately upon taking any action at law or in equity to exercise any remedy or direct any proceeding under the Borrower Loan Documents or the Funding Loan Documents.

(e) As used in this Section 2.2, the term "Excess Revenues" means, for any period, the net cash flow of the Borrower available for distribution to shareholders, members or partners (as the case may be) for such period, after the payment of all interest expense, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory sinking fund payment, acceleration or otherwise), the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Borrower Loan or the Funding Loan, the payment of all operating, overhead, ownership and other expenditures of the Borrower directly or indirectly in connection with the Project (whether any such expenditures are current, capital or extraordinary expenditures), and the setting aside of all reserves for taxes, insurance, water and sewer charges or other similar impositions, capital expenditures, repairs and replacements and all other amounts which the Borrower is required to set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

Section 2.3. Loan; Borrower Notes; Conditions to Closing.

(a) The Funding Loan shall be funded by the Funding Lender in one or more installments not to exceed the Borrower Loan Amount in accordance with the disbursement procedures (with an initial funding on the Closing Date), and deposited by the Fiscal Agent to the Note Proceeds Account of the Project Fund under the Funding Loan Agreement upon satisfaction of the conditions set forth

in the Construction Funding Agreement. Upon funding of each installment of the Funding Loan, the Governmental Lender shall be deemed to have made the Borrower Loan to the Borrower in a like principal amount. The Borrower Loan advances and Funding Loan advances shall be allocated first to Series A Borrower Note and the related Series A Governmental Lender Note and, once the foregoing notes have been fully funded, then to the Series B Borrower Note and the related Series B Governmental Lender Note. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Notes. The proceeds of the Borrower Loan shall be used by the Borrower to pay costs of the acquisition, construction, rehabilitation, development, equipping and/or operation of the Project. The Borrower hereby accepts the Borrower Loan and acknowledges that the Governmental Lender shall cause the Funding Lender to fund the Borrower Loan in the manner set forth herein and in the Funding Loan Agreement. The Governmental Lender acknowledges that the Borrower Loan shall be funded by the Funding Lender to the Fiscal Agent for the account of the Governmental Lender.

(b) The Borrower hereby accepts the Borrower Loan. As evidence of its obligation to repay the Borrower Loan, simultaneously with its execution and delivery of this Borrower Loan Agreement, the Borrower hereby agrees to execute and deliver the Borrower Notes. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Notes.

(c) Closing of the Borrower Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Governmental Lender and the Funding Lender, in their sole discretion, of each of the conditions precedent to closing set forth in the Funding Loan Agreement and this Borrower Loan Agreement, including but not limited to the following:

(i) evidence of proper recordation of the Security Instrument, an assignment of the Security Instrument from the Governmental Lender to the Funding Lender, the Regulatory Agreement, and each of the other documents specified for recording in instructions delivered to the Title Company by counsel to the Funding Lender (or that such documents have been delivered to an authorized agent of the Title Company for recordation under binding recording instructions from Funding Lender's counsel or such other counsel as may be acceptable to the Funding Lender);

(ii) delivery to the Fiscal Agent or into escrow with the Title Company (or separate escrow company, if applicable) of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit and the Borrower Initial Equity, all as specified in written instructions delivered to the Title Company by counsel to the Funding Lender (or such other counsel as may be acceptable to the Funding Lender) and/or as specified in a closing memorandum of the Funding Lender; and

(iii) payment of all fees payable in connection with the closing of the Borrower Loan including the Governmental Lender's Closing Fee and the initial fees and expenses of the Fiscal Agent and the Funding Lender.

In addition, closing of the Borrower Loan shall be subject to the delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender and the Funding Lender, dated the Closing Date, in form and substance acceptable to Tax Counsel, regarding the due execution by the Borrower of, and the enforceability against the Borrower of, the Borrower Loan Documents.

Section 2.4. Borrower Loan Payments.

(a) The Borrower shall make Borrower Loan Payments in accordance with the Borrower Notes. Each Borrower Loan Payment made by the Borrower shall be made in funds immediately available to the Fiscal Agent by 2:00 p.m., New York City time, or, if to the Servicer, by 11:00 a.m., New York City time, on the Borrower Loan Payment Date. Each such payment shall be made to the Fiscal Agent or the Servicer, as applicable, by deposit to such account as the Fiscal Agent or Servicer, as applicable, may designate by Written Notice to the Borrower. Whenever any Borrower Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. In addition, the Borrower shall make Borrower Loan Payments in accordance with the Borrower Notes in the amounts and at the times necessary to make all payments due and payable on the Funding Loan. All payments made by the Borrower hereunder or by the Borrower under the other Borrower Loan Documents, shall be made irrespective of, and without any deduction for, any set-offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) Unless there is no Servicer, payments of principal and interest on the Borrower Notes shall be paid to the Servicer and the Servicer shall then remit such funds to the Fiscal Agent. If there is no Servicer, payments of principal and interest on the Borrower Notes shall be paid directly to the Fiscal Agent.

Section 2.5. Additional Borrower Payments.

(a) The Borrower shall pay the following amounts:

(i) to the Fiscal Agent, the Rebate Amount then due, if any, to be deposited in the Rebate Fund as specified in Section 5.35 hereof and the Rebate Analyst's Fee and any other costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Borrower Loan Payment);

(ii) to the Governmental Lender, on demand, all fees, charges, costs, advances, indemnities and expenses, including agent and reasonable counsel fees, of the Governmental Lender incurred by the Governmental Lender at any time in connection with the Borrower Loan Documents, the Funding Loan Documents or the Project, including, without limitation, the Ongoing Governmental Lender Fee, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Borrower Loan Documents or the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit;

(iii) [Reserved];

(iv) all Costs of Funding and fees, charges and expenses, including agent and counsel fees incurred in connection with the origination of the Borrower Loan and the Funding Loan, as and when the same become due;

(v) to the Funding Lender, on demand, all charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Funding Lender incurred by the

Funding Lender at any time in connection with the Borrower Loan, the Funding Loan or the Project, including, without limitation, any Review Fee, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Borrower Loan Documents or the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit;

(vi) all Late Charges due and payable under the terms of the Borrower Notes and Section 2.6 hereof; provided, however, that all payments made pursuant to this subsection (vi) shall be made to the Servicer, and if there is no Servicer, such payments shall be made to the Funding Lender; and

(vii) to the Fiscal Agent, all fees, charges, costs, advances, indemnities and expenses, including agent and reasonable counsel fees, of Fiscal Agent incurred under the Borrower Loan Documents or the Funding Loan Documents as and when the same become due.

(b) The Borrower shall pay to the party entitled thereto as expressly set forth in this Borrower Loan Agreement or the other Borrower Loan Documents or Funding Loan Documents:

(i) all expenses incurred in connection with the enforcement of any rights under this Borrower Loan Agreement or any other Borrower Loan Document, the Regulatory Agreement, or any Funding Loan Document by the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer;

(ii) all other payments of whatever nature that the Borrower has agreed to pay or assume under the provisions of this Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document; and

(iii) all expenses, costs and fees relating to inspections of the Project required by the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer or the Construction Consultant, in accordance with the Borrower Loan Documents or the Funding Loan Documents or to reimburse such parties for such expenses, costs and fees.

Section 2.6. Overdue Payments; Payments in Default. If any Borrower Payment Obligation is not paid by or on behalf of the Borrower when due, the Borrower shall pay to the Servicer a Late Charge in the amount and to the extent set forth in the Borrower Notes, if any.

Section 2.7. Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds. The Borrower acknowledges as follows: (a) calculation of all interest payments shall be made by the Funding Lender in accordance with the terms of the corresponding Borrower Note; (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Funding Lender in accordance with the Security Instrument; and (c) deposits with respect to any replacement reserve funds required by the Funding Lender shall be calculated by the Servicer in accordance with the Replacement Reserve Agreement. In the event and to the extent that the Servicer or the Funding Lender, pursuant to the terms hereof, shall determine at any time that there exists a deficiency in amounts previously owed but not paid with respect to

deposits to such replacement reserve fund, such deficiency shall be immediately due and payable hereunder following Written Notice to the Borrower.

Section 2.8. Grant of Security Interest; Application of Funds. To the extent not inconsistent with the Security Instrument and as security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Borrower Loan Documents, the Borrower hereby pledges and assigns to the Fiscal Agent and the Funding Lender, and grants to the Fiscal Agent and the Funding Lender, a security interest in, all the Borrower's right, title and interest in and to all payments to or moneys held in the funds and accounts created and held by the Fiscal Agent, the Funding Lender or the Servicer for the Project. This Borrower Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default hereunder, the Fiscal Agent, the Funding Lender and the Servicer shall apply or cause to be applied any sums held by the Fiscal Agent, the Funding Lender and the Servicer with respect to the Project in any manner and in any order determined by Funding Lender, in Funding Lender's sole and absolute discretion.

Section 2.9. Marshalling; Payments Set Aside. The Governmental Lender, the Fiscal Agent and the Funding Lender shall be under no obligation to marshal any assets in favor of the Borrower or any other Person or against or in payment of any or all of the proceeds. To the extent that the Borrower makes a payment or payments or transfers any assets to the Governmental Lender, the Fiscal Agent or the Funding Lender, or the Governmental Lender, the Fiscal Agent or the Funding Lender enforces its liens, and such payment or payments or transfers, or the proceeds of such enforcement or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party in connection with any insolvency proceeding, or otherwise, then: (i) any and all obligations owed to the Governmental Lender, the Fiscal Agent or the Funding Lender and any and all remedies available to the Governmental Lender, the Fiscal Agent or the Funding Lender under the terms of the Borrower Loan Documents and the Funding Loan Documents or in law or equity against the Borrower, Guarantor or General Partner and/or any of their properties shall be automatically revived and reinstated to the extent (and only to the extent) of any recovery permitted under clause (ii) below; and (ii) the Governmental Lender, the Fiscal Agent and the Funding Lender shall be entitled to recover (and shall be entitled to file a proof of claim to obtain such recovery in any applicable bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding) either: (x) the amount of payments or the value of the transfer or (y) if the transfer has been undone and the assets returned in whole or in part, the value of the consideration paid to or received by the Borrower for the initial asset transfer, plus in each case any deferred interest from the date of the disgorgement to the date of distribution to the Governmental Lender, the Fiscal Agent or the Funding Lender in any bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding, and any costs and expenses due and owing, including, without limitation, any reasonable attorneys' fees incurred by the Governmental Lender, the Fiscal Agent or the Funding Lender in connection with the exercise by the Governmental Lender, the Fiscal Agent or the Funding Lender of its rights under this Section 2.9.

Section 2.10. Borrower Loan Disbursements. Proceeds of the Borrower Loan shall be disbursed by the Fiscal Agent upon approval by the Funding Lender, as agent for the Governmental Lender, pursuant to the Construction Funding Agreement, to or for the benefit of the Borrower as provided in Section 7.7 of the Funding Loan Agreement.

ARTICLE III

CONVERSION

Section 3.1. Conversion Date and Extension of Outside Conversion Date. Borrower shall satisfy each of the Conditions to Conversion and cause the Conversion Date to occur on or before the Outside Conversion Date (including the Extended Outside Conversion Date, if any), as further provided in the Construction Funding Agreement. The failure to satisfy each of the Conditions to Conversion on or before the Outside Conversion Date (including the Extended Outside Conversion Date, if applicable) shall constitute an Event of Default under the Borrower Loan Documents.

Section 3.2. Notice From Funding Lender; Funding Lender's Calculation Final. Following satisfaction of all of the Conditions to Conversion, Funding Lender shall deliver Written Notice to Borrower (with a copy to the Governmental Lender and the Fiscal Agent) of: (i) the Conversion Date, (ii) the amount of the Permanent Period Amount, (iii) any required prepayment of the Borrower Notes (as described below in Section 3.3) and (iv) any amendments to the amortization schedule, as applicable.

Funding Lender's calculation of the Permanent Period Amount and any amendments to the amortization of the Borrower Loan shall be, in the absence of manifest error, conclusive and binding on all parties.

Section 3.3. Mandatory Prepayment of the Borrower Loan. As further provided in the Construction Funding Agreement, if and to the extent the Permanent Period Amount is less than the Interim Phase Amount, Funding Lender may in its sole discretion require Borrower to make a partial prepayment of the Borrower Loan in an amount equal to the difference between the Interim Phase Amount and the Permanent Period Amount, provided, however, that if the Permanent Period Amount is less than the Minimum Permanent Period Amount (as defined in the Construction Funding Agreement), then Funding Lender may in its sole discretion require Borrower to prepay the Borrower Loan in full.

Any prepayment in full or in part of the Borrower Loan required pursuant to the preceding paragraph shall be subject to a prepayment premium under certain circumstances as more particularly set forth in the Borrower Notes.

Section 3.4. Release of Remaining Loan Proceeds. If and to the extent that the Permanent Period Amount is greater than the principal amount of the Borrower Loan which has previously been disbursed to Borrower, Funding Lender shall deliver Written Notice thereof to Borrower (with a copy to the Governmental Lender) on or before the Conversion Date. Within ten (10) business days after delivery of such notice, but in no event later than the Outside Conversion Date, Funding Lender shall advance to the Fiscal Agent, for deposit by the Fiscal Agent to the Note Proceeds Account of the Project Fund under the Funding Loan Agreement, Funding Loan proceeds so that the aggregate principal amount of the Funding Loan and of the Borrower Loan disbursed equals the Permanent Period Amount. Any Borrower Loan proceeds previously disbursed to the Borrower in excess of the Permanent Period Amount shall be paid by Borrower to Fiscal Agent.

Section 3.5. No Amendment. Nothing contained in this Article III shall be construed to amend, modify, alter, change or supersede the terms and provisions of the Borrower Notes, Security

Instrument, the Construction Funding Agreement or any other Borrower Loan Document and, if there shall exist a conflict between the terms and provisions of this Article III and those of the Borrower Notes, Security Instrument, the Construction Funding Agreement or other Borrower Loan Documents, then the terms and provisions of the Borrower Notes, Security Instrument, the Construction Funding Agreement and other Borrower Loan Documents shall control; provided, however, that in the event of a conflict between the terms and provisions of this Article III and those of the Borrower's loan application with the Funding Lender, the terms and provisions of this Article III shall control.

Section 3.6. Determinations by Funding Lender. In any instance where the consent or approval of Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Funding Lender under this Article III, including in connection with the Construction Funding Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Funding Lender (or its designated representative), at its sole and exclusive option and in its sole and absolute discretion.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1. Borrower Representations. To induce the Governmental Lender to execute this Borrower Loan Agreement and to induce the Funding Lender to make or approve Disbursements, the Borrower represents and warrants for the benefit of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer, that the representations and warranties set forth in this Section 4.1 are complete and accurate as of the Closing Date and will be complete and accurate, and deemed remade, as of the date of each Disbursement, as of the original Outside Conversion Date, as of the date of any extension thereof and as of the Conversion Date in accordance with the terms and conditions of the Borrower Notes. Subject to Section 4.2 hereof, the representations, warranties and agreements set forth in this Section 4.1 shall survive the making of the Borrower Loan, and shall remain in effect and true and correct in all material respects until the Borrower Loan and all other Borrower Payment Obligations have been repaid in full:

Section 4.1.1 Organization; Special Purpose. The Borrower is a limited partnership in good standing under the laws of the State, has full legal right, power and authority to enter into the Borrower Loan Documents to which it is a party, and to carry out and consummate all transactions contemplated by the Borrower Loan Documents to which it is a party, and by proper limited partnership action has duly authorized the execution, delivery and performance of the Borrower Loan Documents to which it is a party. The Person(s) of the Borrower executing the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are fully authorized to execute the same. The Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower. The sole business of the Borrower is the ownership, management and operation of the Project.

Section 4.1.2 Proceedings; Enforceability. Assuming due execution and delivery by the other parties thereto, the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights

generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

Section 4.1.3 No Conflicts. The execution and delivery of the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Partnership Agreement of the Borrower or to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever (other than the lien of the Security Instrument) upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, or the financial condition, assets, properties or operations of the Borrower.

Section 4.1.4 Litigation; Adverse Facts. There is no Legal Action, nor is there a basis known to Borrower for any Legal Action, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower, the General Partner or the Guarantor, or their respective assets, properties or operations which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Borrower Loan Documents or the Funding Loan Documents, upon the ability of each of Borrower, General Partner and Guarantor to perform their respective obligations under the Borrower Loan Documents, the Funding Loan Documents and the Related Documents to which it is a party, or upon the financial condition, assets (including the Project), properties or operations of the Borrower, the General Partner or the Guarantor. None of the Borrower, General Partner or Guarantor is in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, the ability of each of Borrower, General Partner and Guarantor to perform their respective obligations under the Borrower Loan Documents, the Funding Loan Documents and the Related Documents to which it is a party, or the financial condition, assets, properties or operations of the Borrower, General Partner or Guarantor. None of Borrower, General Partner or Guarantor are (a) in violation of any applicable law, which violation materially and adversely affects or may materially and adversely affect the business, operations, assets (including the Project), financial condition of Borrower, General Partner or Guarantor, as applicable; (b) subject to, or in default with respect to, any other Legal Requirement that would have a material adverse effect on the business, operations, assets (including the Project), financial condition of Borrower, General Partner or Guarantor, as applicable; or (c) in default with respect to any agreement to which Borrower, General Partner or Guarantor, as applicable, are a party or by which they are bound, which default would have a material adverse effect on the business, operations, assets (including the Project), financial condition of Borrower, General Partner or Guarantor, as applicable; and (d) there is no Legal Action pending or, to the knowledge of Borrower, threatened against or affecting

Borrower, General Partner or Guarantor questioning the validity or the enforceability of this Borrower Loan Agreement or any of the other Borrower Loan Documents or the Funding Loan Documents or of any of the Related Documents. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

Section 4.1.5 Agreements; Consents; Approvals. Except as contemplated by the Borrower Loan Documents and the Funding Loan Documents, the Borrower is not a party to any agreement or instrument or subject to any restriction that would materially adversely affect the Borrower, the Project, or the Borrower's business, properties, operations or financial condition except the Permitted Encumbrances. The Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Encumbrance or any other agreement or instrument to which it is a party or by which it or the Project is bound.

No consent or approval of any trustee or holder of any indebtedness of the Borrower, and to the best knowledge of the Borrower and only with respect to the Borrower, no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except no representation is made with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Borrower Loan Documents or the Funding Loan Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

Section 4.1.6 Title. The Borrower shall have marketable title to the Project free and clear of all Liens except the Permitted Encumbrances. The Security Instrument, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (i) a valid, perfected first priority lien on the fee interest in the Project and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty included in the Project (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. To the Borrower's knowledge, there are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project, nor are there any claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Borrower Loan Documents and the Funding Loan Documents.

Section 4.1.7 Survey. To the best knowledge of the Borrower, the survey for the Project delivered to the Governmental Lender and the Funding Lender does not fail to reflect any material matter affecting the Project or the title thereto.

Section 4.1.8 No Bankruptcy Filing. The Borrower is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property (a "Bankruptcy Proceeding"), and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it. As of the Closing Date, the Borrower has the ability to pay its debts as they become due.

Section 4.1.9 Full and Accurate Disclosure. No statement of fact made by the Borrower in any Borrower Loan Document or any Funding Loan Document contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein in light of the circumstances in which they were made, not misleading. There is no material fact or circumstance presently known to the Borrower that has not been disclosed to the Governmental Lender and the Funding Lender which materially and adversely affects the Project or the business, operations or financial condition of the Borrower or the Borrower's ability to meet its obligations under this Borrower Loan Agreement and the other Borrower Loan Documents and Funding Loan Documents to which it is a party in a timely manner.

Section 4.1.10 No Plan Assets. The Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3 101.

Section 4.1.11 Compliance. The Borrower, the Project and the use thereof will comply, to the extent required, in all material respects with all applicable Legal Requirements. The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which would materially adversely affect the financial condition or the business of the Borrower. There has not been committed by the Borrower or any Borrower Affiliate involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof or any moneys paid in performance of the Borrower's obligations under any Borrower Loan Document or any Funding Loan Documents.

Section 4.1.12 Contracts. All service, maintenance or repair contracts affecting the Project have been entered into at arm's length (except for such contracts between the Borrower and any Borrower Affiliate and any Borrower Controlling Entity) in the ordinary course of the Borrower's business and provide for the payment of fees in amounts and upon terms comparable to existing market rates.

Section 4.1.13 Financial Information. All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the Governmental Lender or the Funding Lender in respect of the Project by or on behalf of the Borrower, to the best knowledge of the Borrower, (i) are accurate and complete in all material respects, as of their respective dates, (ii) accurately represent the financial condition of the Project as of the date of such reports, and (iii) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with GAAP consistently applied throughout the periods covered, except as disclosed therein. Other than pursuant to or permitted by the Borrower Loan Documents or the Funding Loan Documents or the Borrower organizational documents, the Borrower has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of the Borrower from that set forth in said financial statements.

Section 4.1.14 Condemnation. No Condemnation or other proceeding has been commenced or, to the Borrower's knowledge, is contemplated, threatened or pending with respect to all or part of the Project or for the relocation of roadways providing access to the Project.

Section 4.1.15 Federal Reserve Regulations. No part of the proceeds of the Borrower Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Borrower Loan Document or Funding Loan Document.

Section 4.1.16 Utilities and Public Access. To the best of the Borrower's knowledge, the Project is or will be served by water, sewer, sanitary sewer and storm drain facilities adequate to service it for its intended uses. All public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right-of-way abutting the Project, and all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement. All roads necessary for the use of the Project for its current purpose have been or will be completed and dedicated to public use and accepted by all Governmental Authorities. Except for Permitted Encumbrances, the Project does not share ingress and egress through an easement or private road or share on-site or off-site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrower, or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement under which (i) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (ii) the number of parties sharing such easement and/or recreational facilities and amenities must be specified, (iii) the Borrower's responsibilities and share of expenses are specified, and (iv) the failure to pay any maintenance fee with respect to an easement will not result in a loss of usage of the easement.

Section 4.1.17 Not a Foreign Person. The Borrower is not a "foreign person" within the meaning of §1445(f)(3) of the Code.

Section 4.1.18 Separate Lots. Each parcel comprising the Land is a separate tax lot and is not a portion of any other tax lot that is not a part of the Land.

Section 4.1.19 Assessments. Except as disclosed in the Title Insurance Policy, there are no pending or, to the Borrower's best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Project, or any contemplated improvements to the Project that may result in such special or other assessments.

Section 4.1.20 Enforceability. The Borrower Loan Documents and the Funding Loan Documents are not subject to, and the Borrower has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury.

Section 4.1.21 Insurance. The Borrower has obtained the insurance required by this Borrower Loan Agreement, if applicable, and the Security Instrument and has delivered to the Servicer copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Borrower Loan Agreement, if applicable, and the Security Instrument.

Section 4.1.22 Use of Property; Licenses. The Project will be used exclusively as a multifamily rental housing project and other appurtenant and related uses, which use is consistent with the zoning classification for the Project. All certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use or legal,

nonconforming use, as applicable, occupancy and operation of the Project (collectively, the "Licenses") required at this time for the construction or rehabilitation, as appropriate, and equipping of the Project have been obtained. To the Borrower's knowledge, all Licenses obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Licenses required for the future use and occupancy of the Project and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course following the Completion Date. No Licenses will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Security Instrument or deed in lieu of foreclosure thereunder. The Project does not violate any density or building setback requirements of the applicable zoning law except to the extent, if any, shown on the survey. No proceedings are, to the best of the Borrower's knowledge, pending or threatened that would result in a change of the zoning of the Project.

Section 4.1.23 Flood Zone. As of the Closing Date, no structure within the Mortgaged Property lies or is located in an identifiable or designated Special Flood Hazard Area. Subsequent to the Closing Date, if the Mortgaged Property is determined to be in a Special Flood Hazard Area, Borrower will obtain appropriate flood insurance as required under the National Flood Insurance Act of 1968, Flood Disaster Protection Act of 1973, or the National Flood Insurance Reform Act of 1994 as amended or as required by the Servicer pursuant to its underwriting guidelines.

Section 4.1.24 Physical Condition. The Project, including all Improvements, parking facilities, systems, fixtures, Equipment and landscaping, are or, after completion of the construction, rehabilitation and/or repairs, as appropriate, will be in good and habitable condition in all material respects and in good order and repair in all material respects (reasonable wear and tear excepted). The Borrower has not received notice from any insurance company or bonding company of any defect or inadequacy in the Project, or any part thereof, which would adversely affect its insurability or cause the imposition of extraordinary premiums or charges thereon or any termination of any policy of insurance or bond. The physical configuration of the Project is not in material violation of the ADA, if required under applicable law.

Section 4.1.25 Encroachments. All of the Improvements included in determining the appraised value of the Project will lie wholly within the boundaries and building restriction lines of the Project, and no improvement on an adjoining property encroaches upon the Project, and no easement or other encumbrance upon the Project encroaches upon any of the Improvements, so as to affect the value or marketability of the Project, except those insured against by the Title Insurance Policy or disclosed in the survey of the Project as approved by the Servicer or Funding Lender.

Section 4.1.26 State Law Requirements. The Borrower hereby represents, covenants and agrees to comply with the provisions of all applicable state laws relating to the Borrower Loan, the Funding Loan and the Project.

Section 4.1.27 Filing and Recording Taxes. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been paid or will be paid concurrently with the closing of the Borrower Loan. All mortgage, mortgage recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Borrower Loan Documents and the Funding Loan Documents have been or will be paid.

Section 4.1.28 Investment Company Act. The Borrower is not (i) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; or (ii) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 4.1.29 Fraudulent Transfer. The Borrower has not accepted the Borrower Loan or entered into any Borrower Loan Document or Funding Loan Document with the actual intent to hinder, delay or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Borrower Loan Documents and the Funding Loan Documents. Giving effect to the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, the fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, exceed the Borrower's total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets is and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, be greater than the Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower's assets do not and, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

Section 4.1.30 Ownership of the Borrower. Except as set forth in the Partnership Agreement of the Borrower and the exhibits thereto, the Borrower has no obligation to any Person to purchase, repurchase or issue any ownership interest in the Borrower.

Section 4.1.31 Environmental Matters. To the best of Borrower's knowledge, the Project is not in violation of any Legal Requirement pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or cleanup, and will comply with covenants and requirements relating to environmental hazards as set forth in the Security Instrument. The Borrower will execute and deliver the Agreement of Environmental Indemnification on the Closing Date.

Section 4.1.32 Name; Principal Place of Business. Unless prior Written Notice is given to the Funding Lender, the Borrower does not use and will not use any trade name, and has not done and will not do business under any name other than its actual name set forth herein. The principal place of business of the Borrower is its primary address for notices as set forth in Section 10.1 hereof, and the Borrower has no other place of business, other than the Project and such principal place of business.

Section 4.1.33 Subordinated Debt. There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Encumbrances and the permitted secured indebtedness described in Section 6.7 hereof, except an unsecured deferred developer fee not to exceed the amount permitted by Funding Lender as determined on the Closing Date or Conversion Date, and any unsecured loans payable solely from cash flow made by a partner of the Borrower as set forth in the Partnership Agreement.

Section 4.1.34 Filing of Taxes. The Borrower has filed (or has obtained effective extensions for filing) all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments, if any, payable by the Borrower.

Section 4.1.35 General Tax. All representations, warranties and certifications of the Borrower set forth in the Regulatory Agreement and the Tax Certificate are incorporated by reference herein and the Borrower will comply with such as if set forth herein.

Section 4.1.36 Approval of the Borrower Loan Documents and Funding Loan Documents. By its execution and delivery of this Borrower Loan Agreement, the Borrower approves the form and substance of the Borrower Loan Documents and the Funding Loan Documents, and agrees to carry out the responsibilities and duties specified in the Borrower Loan Documents and the Funding Loan Documents to be carried out by the Borrower. The Borrower acknowledges that (a) it understands the nature and structure of the transactions relating to the financing of the Project, (b) it is familiar with the provisions of all of the Borrower Loan Documents and the Funding Loan Documents and other documents and instruments relating to the financing, (c) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (d) it has not relied on the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents or otherwise relied on the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer in any manner.

Section 4.1.37 Funding Loan Agreement. The Borrower has read and accepts and agrees that it is bound by the Funding Loan Agreement and the Funding Loan Documents.

Section 4.1.38 Americans with Disabilities Act. The Project, as designed, will conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, including, but not limited to, the Americans with Disabilities Act of 1990 ("ADA"), to the extent required (as evidenced by an architect's certificate to such effect).

Section 4.1.39 Requirements of Act, Code and Regulations. The Project satisfies all requirements of the Act, the Code and the Regulations applicable to the Project.

Section 4.1.40 Regulatory Agreement. The Project is, as of the date of origination of the Funding Loan, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable; and the Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code and the Regulations, and pursuant to leases which comply with all applicable laws.

Section 4.1.41 Intention to Hold Project. The Borrower intends to hold the Project for its own account and has no current plans, and has not entered into any agreement, to sell the Project or any part of it (except for rights granted in the Partnership Agreement and the exhibits thereto); and the Borrower intends to occupy the Project or cause the Project to be occupied and to operate it or cause it to be operated at all times during the term of this Borrower Loan Agreement in compliance with the terms of this Borrower Loan Agreement and the Regulatory Agreement and does not know

of any reason why the Project will not be so used by it in the absence of circumstances not now anticipated by it or totally beyond its control.

Section 4.1.42 Concerning General Partner.

(a) The Managing General Partner, is a California nonprofit public benefit corporation, and the Co-General Partner, is a California limited liability company, and each General Partner is duly organized and validly existing under the laws of the State of California. The General Partner has all requisite power and authority, rights and franchises to enter into and perform its obligations under the Borrower Loan Documents and the Funding Loan Documents to be executed by it for its own account and on behalf of Borrower, as general partner of Borrower, under this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents.

(b) The General Partner has made all filings (including, without limitation, all required filings related to the use of fictitious business names) and is in good standing in the State and in each other jurisdiction in which the character of the property it owns or the nature of the business it transacts makes such filings necessary or where the failure to make such filings could have a material adverse effect on the business, operations, assets, or financial condition of General Partner.

(c) The General Partner is duly authorized to do business in the State.

(d) The execution, delivery and performance by Borrower of the Borrower Loan Documents and the Funding Loan Documents have been duly authorized by all necessary action of General Partner on behalf of Borrower, and by all necessary action on behalf of General Partner.

(e) The execution, delivery and performance by General Partner, on behalf of Borrower, of the Borrower Loan Documents and the Funding Loan Documents will not violate (i) General Partner's organizational documents; (ii) any other Legal Requirement affecting General Partner or any of its properties; or (iii) any agreement to which General Partner is bound or to which it is a party; and will not result in or require the creation (except as provided in or contemplated by this Borrower Loan Agreement) of any Lien upon any of such properties, any of the Collateral or any of the property or funds pledged or delivered to Funding Lender pursuant to the Security Documents.

Section 4.1.43 Government and Private Approvals. All governmental or regulatory orders, consents, permits, authorizations and approvals required for the construction, rehabilitation, use, occupancy and operation of the Improvements, that may be granted or denied in the discretion of any Governmental Authority, have been obtained and are in full force and effect (or, in the case of any of the foregoing that Borrower is not required to have as of the Closing Date, will be obtained), and will be maintained in full force and effect at all times during the construction or rehabilitation of the Improvements. All such orders, consents, permits, authorizations and approvals that may not be denied in the discretion of any Governmental Authority shall be obtained prior to the commencement of any work for which such orders, consents, permits, authorizations or approvals are required, and, once obtained, such orders, consents, permits, authorizations and approvals will be maintained in full force and effect at all times during the construction or rehabilitation of the Improvements. Except as set forth in the preceding two sentences, no additional governmental or regulatory actions, filings or registrations with respect to the Improvements, and no approvals, authorizations or consents of any trustee or holder of any indebtedness or obligation of Borrower, are required for the due execution, delivery and performance by Borrower or General Partner of any of the Borrower Loan Documents or the Funding Loan Documents or the Related Documents executed by Borrower or General Partner,

as applicable. All required zoning approvals have been obtained, and the zoning of the Land for the Project is not conditional upon the happening of any further event.

Section 4.1.44 Concerning Guarantor. The Borrower Loan Documents and the Funding Loan Documents to which the Guarantor is a party or a signatory executed simultaneously with this Borrower Loan Agreement have been duly executed and delivered by Guarantor and are legally valid and binding obligations of Guarantor, enforceable against Guarantor in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

Section 4.1.45 No Material Defaults. Except as previously disclosed to Funding Lender and the Governmental Lender in writing, there exists no material violation of or material default by Borrower under, and, to the best knowledge of Borrower, no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default with respect to: (i) the terms of any instrument evidencing, securing or guaranteeing any indebtedness secured by the Project or any portion or interest thereof or therein; (ii) any lease or other agreement affecting the Project or to which Borrower is a party; (iii) any license, permit, statute, ordinance, law, judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority, or any determination or award of any arbitrator to which Borrower or the Project may be bound; or (iv) any mortgage, instrument, agreement or document by which Borrower or any of its respective properties is bound; in the case of any of the foregoing: (1) which involves any Borrower Loan Document or Funding Loan Document; (2) which involves the Project and is not adequately covered by insurance; (3) that might materially and adversely affect the ability of Borrower, General Partner or Guarantor or to perform any of its respective obligations under any of the Borrower Loan Documents or the Funding Loan Documents or any other material instrument, agreement or document concerning the Project to which it is a party; or (4) which might adversely affect the priority of the Liens created by this Borrower Loan Agreement or any of the Borrower Loan Documents or the Funding Loan Documents.

Section 4.1.46 Payment of Taxes. Except as previously disclosed to Funding Lender in writing: (i) all tax returns and reports of Borrower, General Partner and Guarantor required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges upon Borrower, General Partner and Guarantor, and upon their respective properties, assets, income and franchises, which are due and payable have been paid when due and payable; and (ii) Borrower knows of no proposed tax assessment against it or against General Partner or Guarantor that would be material to the condition (financial or otherwise) of Borrower, General Partner or Guarantor, and neither Borrower nor General Partner have contracted with any Governmental Authority in connection with such taxes.

Section 4.1.47 Rights to Project Agreements and Licenses. Borrower is the legal and beneficial owner of all rights in and to the Plans and Specifications and all existing Project Agreements and Licenses, and will be the legal and beneficial owner of all rights in and to all future Project Agreements and Licenses. Borrower's interest in the Plans and Specifications and all Project Agreements and Licenses is not subject to any present claim (other than under the Borrower Loan Documents and the Funding Loan Documents or as otherwise approved by Funding Lender in its sole discretion), set-off or deduction other than in the ordinary course of business.

Section 4.1.48 Patriot Act Compliance. Borrower is not now, nor has ever been (i) listed on any Government Lists (as defined below), (ii) a person who has been determined by a

Governmental Authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (September 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, (iii) indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense, or (iv) under investigation by any Governmental Authority for alleged criminal activity. For purposes hereof, the term "Patriot Act Offense" shall mean any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) Bank Representative Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense. For purposes hereof, the term "Government Lists" shall mean (1) the Specially Designated Nationals and Blocked Persons Lists maintained by the Office of Foreign Assets Control ("OFAC"), (2) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Funding Lender notified Borrower in writing is now included in "Government Lists", or (3) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other Governmental Authority or pursuant to any Executive Order of the President of the United States of America that Funding Lender notified Borrower in writing is now included in "Government Lists".

Section 4.1.49 Rent Schedule. Borrower has prepared a prospective Unit absorption and rent collection schedule with respect to the Project substantially in the form attached as an exhibit to the Construction Funding Agreement, which schedule takes into account, among other relevant factors (i) a schedule of minimum monthly rentals for the Units, and (ii) any and all concessions including free rent periods, and on the basis of such schedule, Borrower believes it will collect rents with respect to the Project in amounts greater than or equal to debt service on the Borrower Loan.

Section 4.1.50 Other Documents. Each of the representations and warranties of Borrower or General Partner contained in any of the other Borrower Loan Documents or the Funding Loan Documents or Related Documents is true and correct in all material respects (or, in the case of representations or warranties contained in any of the other Borrower Loan Documents or Funding Loan Documents or Related Documents that speak as of a particular date, were true and correct in all material respects as of such date). All of such representations and warranties are incorporated herein for the benefit of Funding Lender.

Section 4.1.51 Subordinate Loan Documents. The Subordinate Loan Documents are in full force and effect and the Borrower has paid all commitment fees and other amounts due and payable to the Subordinate Lender(s) thereunder. There exists no material violation of or material default by the Borrower under, and no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default under the Subordinate Loan Documents.

Section 4.1.52 [Reserved].

Section 4.2. Survival of Representations and Covenants. All of the representations and warranties in Section 4.1 hereof and elsewhere in the Borrower Loan Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing and (ii) shall be deemed to have been relied upon by the Governmental Lender and the Servicer notwithstanding any

investigation heretofore or hereafter made by the Governmental Lender or the Servicer or on its or their behalf, provided, however, that the representations, warranties and covenants set forth in Section 4.1.31 hereof shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 11.1 hereof.

ARTICLE V

AFFIRMATIVE COVENANTS

During the term of this Borrower Loan Agreement, the Borrower hereby covenants and agrees with the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer that:

Section 5.1. Existence. The Borrower shall (i) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence and its material rights, and franchises, (ii) continue to engage in the business presently conducted by it, (iii) obtain and maintain all material Licenses, and (iv) qualify to do business and remain in good standing under the laws of the State.

Section 5.2. Taxes and Other Charges. The Borrower shall pay all Taxes and Other Charges as the same become due and payable and prior to their becoming delinquent in accordance with the Security Instrument, except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Security Instrument.

The Borrower covenants to pay all Taxes and Other Charges of any type or character charged to the Funding Lender affecting the amount available to the Funding Lender from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and Other Charges assessed or levied by any public agency or governmental authority of whatsoever character having power to levy Taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Funding Lender and Taxes based upon or measured by the net income of the Funding Lender; provided, however, that the Borrower shall have the right to protest any such Taxes or Other Charges and to require the Funding Lender, at the Borrower's expense, to protest and contest any such Taxes or Other Charges levied upon them and that the Borrower shall have the right to withhold payment of any such Taxes or Other Charges pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Funding Lender. This obligation shall remain valid and in effect notwithstanding repayment of the Borrower Loan hereunder or termination of this Borrower Loan Agreement.

Section 5.3. Repairs; Maintenance and Compliance; Physical Condition. The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) as set forth in the Security Instrument and shall not remove, demolish or materially alter the Improvements or Equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business), except as provided in the Security Instrument.

Section 5.4. Litigation. The Borrower shall give prompt Written Notice to the Governmental Lender, the Funding Lender and the Servicer of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement

pending or, to the Borrower's knowledge, threatened against the Borrower which might materially adversely affect the Borrower's condition (financial or otherwise) or business or the Project.

Section 5.5. Performance of Other Agreements. The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project.

Section 5.6. Notices. The Borrower shall promptly advise the Governmental Lender, the Funding Lender and the Servicer of (i) any Material Adverse Change in the Borrower's financial condition, assets, properties or operations other than general changes in the real estate market, (ii) any fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Borrower Loan Document to which it is a party in a timely manner, or (iii) the occurrence of any Potential Default or Event of Default of which the Borrower has knowledge. If the Borrower becomes subject to federal or state securities law filing requirements, the Borrower shall cause to be delivered to the Governmental Lender, the Funding Lender and the Servicer any Securities and Exchange Commission or other public filings, if any, of the Borrower within two (2) Business Days of such filing.

Section 5.7. Cooperate in Legal Proceedings. The Borrower shall cooperate fully with the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer with respect to, and permit the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of the Governmental Lender, the Funding Lender, the Fiscal Agent and/or the Servicer under any Borrower Loan Document or Funding Loan Document.

Section 5.8. Further Assurances. The Borrower shall, at the Borrower's sole cost and expense (except as provided in Section 9.1 hereof), (i) furnish to the Servicer and the Funding Lender all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that Borrower's construction or renovation of the Project alters any existing building foundations or footprints), certificates, plans and specifications, appraisals, title and other insurance reports and agreements relating to the Project, reasonably requested by the Servicer or the Funding Lender for the better and more efficient carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents; (ii) execute and deliver to the Servicer and the Funding Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Borrower Loan, as the Servicer, the Fiscal Agent (at the direction of the Funding Lender) and the Funding Lender may reasonably require from time to time; (iii) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents, as the Servicer, the Fiscal Agent (at the direction of the Funding Lender) or the Funding Lender shall reasonably require from time to time; provided, however, with respect to clauses (i)-(iii) above, the Borrower shall not be required to do anything that has the effect of (A) changing the essential economic terms of the Borrower Loan or (B) imposing upon the Borrower greater liability or obligations under the Borrower Loan Documents and the Funding Loan Documents; and (iv) upon the Servicer's, the Fiscal Agent's (at the direction of the Funding Lender) or the Funding Lender's request therefor given from time to time after the occurrence of any Potential Default or Event of Default for so long as such Potential Default or Event of Default, as applicable, is continuing pay for (a) reports of UCC, federal tax lien, state tax lien, judgment and

pending litigation searches with respect to the Borrower and (b) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer, the Fiscal Agent (at the direction of the Funding Lender) or the Funding Lender in each of the locations reasonably designated by the Servicer, the Fiscal Agent or the Funding Lender.

Section 5.9. Delivery of Financial Information. After notice to the Borrower of a Secondary Market Disclosure Document, the Borrower shall, concurrently with any delivery to the Funding Lender or the Servicer, deliver copies of all financial information required under Article IX.

Section 5.10. Environmental Matters. So long as the Borrower owns or is in possession of the Project, the Borrower shall (a) keep the Project in compliance with all Hazardous Materials Laws (as defined in the Security Instrument), (b) promptly notify the Funding Lender and the Servicer if the Borrower shall become aware that any Hazardous Materials (as defined in the Security Instrument) are on or near the Project in violation of Hazardous Materials Laws, and (c) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required under any Hazardous Material Laws, in each case as set forth in the Security Instrument or the Agreement of Environmental Indemnification.

Section 5.11. Governmental Lender's and Funding Lender's Fees. The Borrower covenants to pay the reasonable fees and expenses of the Governmental Lender (including the Ongoing Governmental Lender Fee), the Fiscal Agent and the Funding Lender or any agents, attorneys, accountants, consultants selected by the Governmental Lender, the Fiscal Agent or the Funding Lender to act on its behalf in connection with this Borrower Loan Agreement and the other Borrower Loan Documents, the Regulatory Agreement and the Funding Loan Documents, including, without limitation, any and all reasonable expenses incurred in connection with the making of the Borrower Loan or in connection with any litigation which may at any time be instituted involving the Borrower Loan, this Borrower Loan Agreement, the other Borrower Loan Documents, the Regulatory Agreement and the Funding Loan Documents or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing. This obligation shall remain valid and in effect notwithstanding repayment of the Borrower Loan hereunder or termination of this Borrower Loan Agreement.

Section 5.12. Estoppel Statement. The Borrower shall furnish to the Funding Lender, the Fiscal Agent or the Servicer for the benefit of the Funding Lender or the Servicer within ten (10) days after request by the Funding Lender and the Servicer, with a statement, duly acknowledged and certified, setting forth (i) the unpaid principal of the Borrower Notes, (ii) the applicable Interest Rate, (iii) the date installments of interest and/or principal were last paid, (iv) any offsets or defenses to the payment of the Borrower Payment Obligations, and (v) that the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and no Event of Default exists thereunder or specify any Event of Default that does exist thereunder. The Borrower shall use commercially reasonable efforts to furnish to the Funding Lender or the Servicer, within 30 days of a request by the Funding Lender or Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Funding Lender and the Servicer; provided that the Funding Lender and the Servicer shall not make such requests more frequently than twice in any year.

Section 5.13. Defense of Actions. The Borrower shall appear in and defend any action or proceeding purporting to affect the security for this Borrower Loan Agreement hereunder or under the Borrower Loan Documents and the Funding Loan Documents, and shall pay, in the manner required by Section 2.4 hereof, all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which Funding Lender may appear. If the Borrower fails to perform any of the covenants or agreements contained in this Borrower Loan Agreement or any other Borrower Loan Document, or if any action or proceeding is commenced that is not diligently defended by the Borrower which affects the Funding Lender's interest in the Project or any part thereof, including eminent domain, code enforcement or proceedings of any nature whatsoever under any Federal or state law, whether now existing or hereafter enacted or amended, then the Funding Lender may make such appearances, disburse such sums and take such action as the Funding Lender deems necessary or appropriate to protect its interests. Such actions include disbursement of attorneys' fees, entry upon the Project to make repairs or take other action to protect the security of the Project, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of Funding Lender appears to be prior or superior to the Borrower Loan Documents or the Funding Loan Documents. The Funding Lender shall have no obligation to do any of the above. The Funding Lender may take any such action without notice to or demand upon the Borrower. No such action shall release the Borrower from any obligation under this Borrower Loan Agreement or any of the other Borrower Loan Documents or Funding Loan Documents. In the event (i) that the Security Instrument is foreclosed in whole or in part or that any Borrower Loan Document is put into the hands of an attorney for collection, suit, action or foreclosure, or (ii) of the foreclosure of any mortgage, deed of trust or deed to secure debt prior to or subsequent to the Security Instrument or any Borrower Loan Document in which proceeding the Funding Lender is made a party or (iii) of the bankruptcy of the Borrower or an assignment by the Borrower for the benefit of its creditors, the Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including actual attorneys' fees in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, which shall be due and payable together with all required service or use taxes.

Section 5.14. Expenses. The Borrower shall pay all reasonable expenses incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer (except as provided in Section 9.1 hereof) in connection with the Borrower Loan and the Funding Loan, including reasonable fees and expenses of the Governmental Lender's, the Fiscal Agent's, the Funding Lender's and the Servicer's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of the Borrower Loan Documents and the Funding Loan Documents. The Borrower shall pay or cause to be paid all reasonable expenses of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer (except as provided in Section 9.1 hereof) in connection with the issuance or administration of the Borrower Loan and the Funding Loan, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, upon request, promptly reimburse the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer for all reasonable amounts expended, advanced or incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer to collect the Borrower Notes, or to enforce the rights of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer under this Borrower Loan Agreement or any other the Borrower Loan Document, or to defend or assert the rights and claims of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer under the Borrower Loan Documents and the Funding Loan Documents arising out of an Event of Default or with respect to the Project (by litigation or other proceedings) arising out of an Event of Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and

accountants, and investigation expenses as may be reasonably incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the Date of Disbursement until the date of reimbursement to the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer, all of which shall constitute part of the Borrower Loan and the Funding Loan and shall be secured by the Borrower Loan Documents and the Funding Loan Documents. The obligations and liabilities of the Borrower under this Section 5.14 shall survive the Term of this Borrower Loan Agreement and the exercise by the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, of any of its rights or remedies under the Borrower Loan Documents and the Funding Loan Documents, including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure. Notwithstanding the foregoing, the Borrower shall not be obligated to pay amounts incurred as a result of the gross negligence or willful misconduct of any other party, and any obligations of the Borrower to pay for environmental inspections or audits will be governed by Section 18(i) and 43(i) of the Security Instrument.

Section 5.15. Indemnity. In addition to its other obligations hereunder, and in addition to any and all rights of reimbursement, indemnification, subrogation and other rights of Governmental Lender, the Fiscal Agent or Funding Lender pursuant hereto, pursuant to the Regulatory Agreement and under law or equity, to the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer, the Beneficiary Parties, Citigroup, Inc., and each of their respective commissioners, officers, directors, employees, attorneys and agents (each an "Indemnified Party"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (hereinafter, the "Liabilities") to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(a) The Borrower Loan Documents and the Funding Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the sale, transfer or resale of the Borrower Loan or the Funding Loan, except with respect to any Secondary Market Disclosure Document (other than any Borrower's obligations under Article IX);

(b) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan, the Funding Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or rehabilitation of, the Project or any part thereof;

(c) Any lien (other than a Permitted Lien) or charge upon payments by the Borrower to the Governmental Lender, the Fiscal Agent or the Funding Lender hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and Other Charges imposed on the Governmental Lender, the Fiscal Agent or the Funding Lender in respect of any portion of the Project;

(d) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof during the period in which the Borrower is in possession or control of the Project;

(e) The enforcement of, or any action taken by the Governmental Lender, the Fiscal Agent or the Funding Lender related to remedies under, this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents;

(f) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower made in the course of Borrower applying for the Borrower Loan or the Funding Loan or contained in any of the Borrower Loan Documents or Funding Loan Documents to which the Borrower is a party;

(g) Any Determination of Taxability;

(h) Any breach (or alleged breach) by Borrower of any representation, warranty or covenant made in or pursuant to this Borrower Loan Agreement or in connection with any written or oral representation, presentation, report, appraisal or other information given or delivered by Borrower, General Partner, Guarantor or their Affiliates to Governmental Lender, the Fiscal Agent the Funding Lender, Servicer or any other Person in connection with the Borrower's application for the Borrower Loan and the Funding Loan (including, without limitation, any breach or alleged breach by Borrower of any agreement with respect to the provision of any substitute credit enhancement);

(i) any failure (or alleged failure) by Borrower, the Funding Lender or Governmental Lender to comply with applicable federal and state laws and regulations pertaining to the making of the Borrower Loan and the Funding Loan;

(j) the Project, or the condition, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation, construction or rehabilitation of, the Project or any part thereof; or

(k) the use of the proceeds of the Borrower Loan and the Funding Loan,

except in the case of the foregoing indemnification of the Governmental Lender or any related Indemnified Party, to the extent such damages are caused by the willful misconduct of such Indemnified Party, and except in the case of the foregoing indemnification of the Funding Lender or the Servicer or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 9.1.4 hereof with respect to any securitization or Secondary Market Transaction described in Article IX hereof shall be limited to the indemnity set forth in Section 9.1.4 hereof. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which

approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Borrower Loan Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 5.15 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Governmental Lender and the Funding Lender have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder shall survive the final payment or defeasance of the Borrower Loan and the Funding Loan and in the case of the Servicer, any resignation or removal. The provisions of this Section 5.15 shall survive the termination of this Borrower Loan Agreement.

The foregoing provisions of this Section 5.15 are not intended to and shall not negate, modify, limit or change the provisions of Section 9 of the Borrower Notes.

Section 5.16. No Warranty of Condition or Suitability by the Governmental Lender or Funding Lender. Neither the Governmental Lender nor the Funding Lender makes any warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrower's purposes or needs.

Section 5.17. Right of Access to the Project. The Borrower agrees that the Governmental Lender, the Funding Lender, the Servicer and the Construction Consultant, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but no obligation, at all reasonable times during business hours and upon reasonable notice, to enter onto the Land (a) to examine, test and inspect the Project without material interference or prejudice to the Borrower's operations and (b) to perform such work in and about the Project made necessary by reason of the Borrower's default under any of the provisions of this Borrower Loan Agreement. The Governmental Lender, the Funding Lender, the Servicer, and their duly authorized agents, attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable notice during business hours, to examine the books and records of the Borrower with respect to the Project.

Section 5.18. Notice of Default. The Borrower will provide the Governmental Lender, the Funding Lender and the Servicer as soon as possible, and in any event not later than five (5) Business Days after the occurrence of any Potential Default or Event of Default with a statement of an Authorized Representative of Borrower describing the details of such Potential Default or Event of Default and any curative action Borrower proposes to take.

Section 5.19. Covenant with Governmental Lender and Funding Lender. The Borrower agrees that this Borrower Loan Agreement is executed and delivered in part to induce the purchase by others of the Governmental Lender Notes and, accordingly, all covenants and agreements of the Borrower contained in this Borrower Loan Agreement are hereby declared to be

for the benefit of the Governmental Lender, the Fiscal Agent, the Funding Lender and any lawful owner, holder or pledgee of the Borrower Notes or the Governmental Lender Notes from time to time.

Section 5.20. Obligation of the Borrower to Construct or Rehabilitate the Project. The Borrower shall proceed with reasonable dispatch to construct or rehabilitate, as appropriate, and equip the Project. If the proceeds of the Borrower Loan, together with the Other Borrower Moneys, available to be disbursed to the Borrower are not sufficient to pay the costs of such construction or rehabilitation, as appropriate, and equipping, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Fiscal Agent, the Funding Lender or the Servicer in respect of any such costs or to any diminution or abatement in the repayment of the Borrower Loan. The Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed or if the proceeds of the Borrower Loan are insufficient to pay all costs of the Project. The Governmental Lender, the Fiscal Agent and the Funding Lender do not make any representation or warranty, either express or implied, that moneys, if any, which will be made available to the Borrower will be sufficient to complete the Project, and the Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.21. Maintenance of Insurance. Borrower will maintain the insurance required by the Security Instrument.

Section 5.22. Information; Statements and Reports. Borrower shall furnish or cause to be furnished to Funding Lender:

(a) Financial Statements; Rent Rolls. In the manner and to the extent required under the Security Instrument, such financial statements, expenses statements, rent rolls, reports and other financial documents and information as required by the Security Instrument and the other Borrower Loan Documents and Funding Loan Documents, in the form and within the time periods required therein;

(b) General Partner. As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of General Partner, copies of the financial statements of General Partner as of such date, prepared in substantially the form previously delivered to the Funding Lender and in a manner consistent therewith, or in such form (which may include a form prepared in accordance with GAAP) as Funding Lender may reasonably request;

(c) Leasing Reports. Prior to the Conversion Date, on a monthly basis (and in any event within fifteen (15) days after the end of each Calendar Month), a report of all efforts made by Borrower, if any, to lease all or any portion of the Project during such Calendar Month and on a cumulative basis since Project inception, which report shall be prepared and delivered by Borrower, shall be in form and substance satisfactory to Funding Lender, and shall, if requested by Funding Lender, be supported by copies of letters of intent, leases or occupancy agreements, as applicable;

(d) Audit Reports. Promptly upon receipt thereof, copies of all reports, if any, submitted to Borrower by independent public accountants in connection with each annual,

interim or special audit of the financial statements of Borrower made by such accountants, including the comment letter submitted by such accountants to management in connection with their annual audit;

(e) Notices; Certificates or Communications. Immediately upon giving or receipt thereof, copies of any notices, certificates or other communications delivered at the Project or to Borrower or General Partner naming Governmental Lender or Funding Lender as addressee or which could reasonably be deemed to affect the structural integrity of the Project or the ability of Borrower to perform its obligations under the Borrower Loan Documents and the Funding Loan Documents;

(f) Certification of Non-Foreign Status. Promptly upon request of Funding Lender from time to time, a Certification of Non-Foreign Status, executed on or after the date of such request by Funding Lender;

(g) Compliance Certificates. Together with each of the documents required pursuant to Section 5.22(a) hereof submitted by or on behalf of Borrower, a statement, in form and substance satisfactory to Funding Lender and certified by an Authorized Borrower Representative, to the effect that Borrower is in compliance with all covenants, terms and conditions applicable to Borrower, under or pursuant to the Borrower Loan Documents and the Funding Loan Documents and under or pursuant to any other Debt owing by Borrower to any Person, and disclosing any noncompliance therewith, and any Event of Default or Potential Default, and describing the status of Borrower's actions to correct such noncompliance, Event of Default or Potential Default, as applicable; and

(h) Other Items and Information. Such other information concerning the assets, business, financial condition, operations, property and results of operations of Borrower, General Partner, Guarantor or the Project, as Funding Lender or Governmental Lender reasonably requests from time to time.

Borrower shall furnish to Governmental Lender, upon its written request, any of the items described in the foregoing subsections (a) through and including (h) above.

Section 5.23. Additional Notices. Borrower will, promptly after becoming aware thereof, give notice to Funding Lender and the Governmental Lender of:

(a) any Lien affecting the Project, or any part thereof, other than Liens expressly permitted under this Borrower Loan Agreement;

(b) any Legal Action which is instituted by or against Borrower, General Partner or Guarantor, or any Legal Action which is threatened against Borrower, General Partner or Guarantor which, in any case, if adversely determined, could have a material adverse effect upon the business, operations, properties, assets, management, ownership or financial condition of Borrower, General Partner, Guarantor or the Project;

(c) any Legal Action which constitutes an Event of Default or a Potential Default or a default under any other Contractual Obligation to which Borrower, General Partner or Guarantor is a party or by or to which Borrower, General Partner or Guarantor, or any of their respective properties or assets, may be bound or subject, which default would have a

material adverse effect on the business, operations, assets (including the Project), or financial condition of Borrower, General Partner or Guarantor, as applicable;

(d) any default, alleged default or potential default on the part of Borrower under any of the CC&R's (together with a copy of each notice of default, alleged default or potential default received from any other party thereto);

(e) any notice of default, alleged default or potential default on the part of Borrower received from any tenant or occupant of the Project under or relating to its lease or occupancy agreement (together with a copy of any such notice), if, in the aggregate, notices from at least fifteen percent (15%) of the tenants at the Project have been received by Borrower with respect to, or alleging, the same default, alleged default or potential default;

(f) any change or contemplated change in (i) the location of Borrower's or General Partner's executive headquarters or principal place of business; (ii) the legal, trade, or fictitious business names used by Borrower or General Partner; or (iii) the nature of the trade or business of Borrower; and

(g) any default, alleged default or potential default on the part of any general or limited partner (including, without limitation, General Partner and the Equity Investor) under the Partnership Agreement.

Section 5.24. Compliance with Other Agreements; Legal Requirements.

(a) Borrower shall timely perform and comply with, and shall cause General Partner to timely perform and comply with the covenants, agreements, obligations and restrictions imposed on them under the Partnership Agreement, and Borrower shall not do or permit to be done anything to impair any such party's rights or interests under any of the foregoing.

(b) Borrower will comply and, to the extent it is able, will require others to comply with, all Legal Requirements of all Governmental Authorities having jurisdiction over the Project or construction and/or rehabilitation of the Improvements, and will furnish Funding Lender with reports of any official searches for or notices of violation of any requirements established by such Governmental Authorities. Borrower will comply and, to the extent it is able, will require others to comply, with applicable CC&R's and all restrictive covenants and all obligations created by private contracts and leases which affect ownership, construction, rehabilitation, equipping, fixturing, use or operation of the Project, and all other agreements requiring a certain percentage of the Units to be rented to persons of low or moderate income. The Improvements, when completed, shall comply with all applicable building, zoning and other Legal Requirements, and will not violate any restrictions of record against the Project or the terms of any other lease of all or any portion of the Project. Funding Lender and Governmental Lender shall at all times have the right to audit, at Borrower's expense, Borrower's compliance with any agreement requiring a certain percentage of the Units to be rented to persons of low or moderate income, and Borrower shall supply all such information with respect thereto as Funding Lender or Governmental Lender, as applicable, may request and otherwise cooperate with Funding Lender or Governmental Lender, as applicable, in any such audit. Without limiting the generality of the foregoing, Borrower shall properly obtain, comply with and keep in effect (and promptly deliver copies to Funding Lender of) all permits, licenses and approvals which are required to be obtained from Governmental Authorities in order to construct, occupy, operate, market and lease the Project.

Section 5.25. Completion and Maintenance of Project. Borrower shall cause the construction or rehabilitation, as the case may be, of the Improvements, to be prosecuted with diligence and continuity and completed substantially in accordance with the Plans and Specifications, and in accordance with the Construction Funding Agreement, free and clear of any liens or claims for liens (but without prejudice to Borrower's rights of contest under Section 10.16 hereof) ("Completion") on or before the Completion Date. Borrower shall thereafter maintain the Project as a residential apartment complex in good order and condition, ordinary wear and tear excepted. A maintenance program shall be in place at all times to assure the continuation of first class maintenance.

Section 5.26. Fixtures. Borrower shall deliver to Funding Lender, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower or any other Person claims title to any materials, fixtures or articles incorporated into the Improvements.

Section 5.27. Income from Project. Borrower shall first apply all Gross Income to Expenses of the Project, including all amounts then required to be paid under the Borrower Loan Documents and the Funding Loan Documents and the funding of all sums necessary to meet the Replacement Reserve Fund Requirement, before using or applying such Gross Income for any other purpose. Prior to the Conversion Date, Borrower shall not make or permit any distributions or other payments of Net Operating Income to its partners, shareholders or members, as applicable, in each case, without the prior Written Consent of Funding Lender.

Section 5.28. Leases and Occupancy Agreements.

(a) ***Lease Approval***.

(i) Borrower has submitted to Funding Lender, and Funding Lender has approved, Borrower's standard form of tenant lease for use in the Project. Borrower shall not materially modify that approved lease form without Funding Lender's prior Written Consent in each instance, which consent shall not be unreasonably withheld or delayed. Borrower may enter into leases of space within the Improvements (and amendments to such leases) in the ordinary course of business with bona fide third party tenants without Funding Lender's prior Written Consent if:

(A) The lease is a Permitted Lease, and is executed in the form attached as an exhibit to the Construction Funding Agreement without material modification;

(B) Borrower, acting in good faith following the exercise of due diligence, has determined that the tenant meets requirements imposed under any applicable CC&R and is financially capable of performing all of its obligations under the lease; and

(C) The lease conforms to the Rent Schedule attached as an exhibit to the Construction Funding Agreement and reflects an arm's-length transaction, subject to the requirement that the Borrower comply with any applicable CC&R.

(ii) If any Event of Default has occurred and is continuing, Funding Lender may make written demand on Borrower to submit all future leases for Funding Lender's approval prior to execution. Borrower shall comply with any such demand by Funding Lender.

(iii) No approval of any lease by Funding Lender shall be for any purpose other than to protect Funding Lender's security for the Borrower Loan and to preserve Funding Lender's rights under the Borrower Loan Documents and the Funding Loan Documents. No approval by Funding Lender shall result in a waiver of any default of Borrower. In no event shall any approval by Funding Lender of a lease be a representation of any kind with regard to the lease or its enforceability, or the financial capacity of any tenant or guarantor.

(b) ***Landlord's Obligations***. Borrower shall perform all obligations required to be performed by it as landlord under any lease affecting any part of the Project or any space within the Improvements.

(c) ***Leasing and Marketing Agreements***. Except as may be contemplated in the Management Agreement with Borrower's Manager, Borrower shall not without the approval of Funding Lender enter into any leasing or marketing agreement and Funding Lender reserves the right to approve the qualifications of any marketing or leasing agent.

Section 5.29. Project Agreements and Licenses. To the extent not heretofore delivered to Funding Lender, Borrower will furnish to Funding Lender, as soon as available, true and correct copies of all Project Agreements and Licenses and the Plans and Specifications, together with assignments thereof to Funding Lender and consents to such assignments where required by Funding Lender, all in form and substance acceptable to Funding Lender. Neither Borrower nor General Partner has assigned or granted, or will assign or grant, a security interest in any of the Project Agreements and Licenses, other than to Funding Lender.

Section 5.30. Payment of Debt Payments. In addition to its obligations under the Borrower Notes, Borrower will (i) duly and punctually pay or cause to be paid all principal of and interest on any Debt of Borrower as and when the same become due on or before the due date; (ii) comply with and perform all conditions, terms and obligations of other instruments or agreements evidencing or securing such Debt; (iii) promptly inform Funding Lender of any default, or anticipated default, under any such note, agreement, instrument; and (iv) forward to Funding Lender a copy of any notice of default or notice of any event that might result in default under any such note, agreement, instrument, including Liens encumbering the Project, or any portion thereof, which have been subordinated to the Security Instrument (regardless of whether or not permitted under this Borrower Loan Agreement).

Section 5.31. ERISA. Borrower will comply, and will cause each of its ERISA Affiliates to comply, in all respects with the provisions of ERISA.

Section 5.32. Patriot Act Compliance. Borrower shall use its good faith and commercially reasonable efforts to comply with the Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over Borrower and/or the Project, including those relating to money laundering and terrorism. Funding Lender shall have the right to audit Borrower's compliance with the Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over Borrower and/or the Project, including those relating to money laundering and terrorism. In the event that Borrower fails to comply with the Patriot Act or any such requirements of Governmental Authorities, then Funding Lender may, at its option, cause Borrower to comply therewith and any and all costs and expenses incurred by Funding Lender in connection therewith shall be secured by the Security Instrument and shall be immediately due and payable.

Borrower covenants that it shall comply with all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect. Without limiting the foregoing, Borrower shall not take any action, or permit any action to be taken, that would cause Borrower's representations and warranties in this Article V become untrue or inaccurate at any time during the term of the Funding Loan. Upon any Beneficiary Party's request from time to time during the term of the Funding Loan, Borrower shall certify in writing to such Beneficiary Party that Borrower's representations, warranties and obligations under Article V remain true and correct and have not been breached, and in addition, upon request of any Beneficiary Party, Borrower covenants to provide all information required to satisfy obligations under all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, during the term of the Funding Loan. Borrower shall immediately notify the Funding Lender in writing of (a) Borrower's actual knowledge that any of such representations, warranties or covenants are no longer true and have been breached, (b) Borrower has a reasonable basis to believe that they may no longer be true and have been breached or (c) Borrower becomes the subject of an investigation by Governmental Authorities related to money laundering, anti-terrorism, trade embargos and economic sanctions. Borrower shall also reimburse Funding Lender for any expense incurred by Funding Lender in evaluating the effect of an investigation by Governmental Authorities on the Funding Loan and Funding Lender's interest in the collateral for the Funding Loan, in obtaining necessary license from Governmental Authorities as may be necessary for Funding Lender to enforce its rights under the Funding Loan Documents, and in complying with all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect applicable to Funding Lender as a result of the existence of such an event and for any penalties or fines imposed upon Funding Lender as a result thereof.

Section 5.33. Funds from Equity Investor. Borrower shall cause the Equity Investor to fund all installments of the Equity Contributions in the amounts and at the times subject and according to the terms, conditions and adjustments of the Partnership Agreement.

Section 5.34. Tax Covenants. The Borrower further represents, warrants and covenants as follows:

(a) ***General***. The Borrower shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the exclusion of interest on the Governmental Lender Notes from gross income (as defined in Section 61 of the Code), for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Borrower Loan Agreement, the Security Instrument and the Regulatory Agreement, as may be necessary, in the opinion of Tax Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service applicable to the Governmental Lender Notes, the Funding Loan or affecting the Project. Capitalized terms used in this Section 5.34 shall have the respective meanings assigned to them in the Regulatory Agreement or, if not defined therein, in the Funding Loan Agreement. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that, prior to the final maturity of the Governmental Lender Notes, unless it has received and filed with the Governmental Lender and the Funding Lender a Tax Counsel No Adverse Effect Opinion, as such term is defined in the Funding Loan Agreement (other than with respect to interest on any portion of

the Governmental Lender Notes for a period during which such portion of the Governmental Lender Notes are held by a "substantial user" of any facility financed with the proceeds of the Governmental Lender Notes or a "related person," as such terms are used in Section 147(a) of the Code), the Borrower will comply with this Section 5.34.

(b) ***Use of Proceeds***. The use of the net proceeds of the Funding Loan at all times will satisfy the following requirements:

(i) ***Limitation on Net Proceeds***. At least 95% of the net proceeds of the Funding Loan (within the meaning of the Code) actually expended by Borrower shall be used to pay Qualified Project Costs that are costs of a "qualified residential rental project" (within the meaning of Sections 142(a)(7) and 142(d) of the Code) and property that is "functionally related and subordinate" thereto (within the meaning of Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) of the Regulations).

(ii) ***Limit on Costs of Funding***. The proceeds of the Funding Loan will be expended by Borrower for the purposes set forth in this Borrower Loan Agreement and in the Funding Loan Agreement and no portion thereof in excess of two percent of the proceeds of the Funding Loan, within the meaning of Section 147(g) of the Code, will be expended to pay Costs of Funding.

(iii) ***Prohibited Facilities***. The Borrower shall not use or permit the use of any proceeds of the Funding Loan or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(iv) ***Limitation on Land***. Less than 25 percent of the net proceeds of the Funding Loan actually expended by Borrower will be used, directly or indirectly, for the acquisition of land or an interest therein, nor will any portion of the net proceeds of the Funding Loan be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(v) ***Limitation on Existing Facilities***. No portion of the net proceeds of the Funding Loan will be used by Borrower for the acquisition of any existing property or an interest therein unless (A) the first use of such property is pursuant to such acquisition or (B) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the cost of acquiring such building financed with the proceeds of the Funding Loan (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term "rehabilitation expenditures" shall have the meaning set forth in Section 147(d)(3) of the Code.

(vi) ***Accuracy of Information***. The information furnished by the Borrower and used by the Governmental Lender in preparing its certifications with respect to Section 148 of the Code and the Borrower's information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of origination of the Funding Loan.

(vii) ***Limitation of Project Expenditures***. The acquisition and rehabilitation of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the 60th day preceding the adoption of the resolution of the Governmental Lender with respect to the Project on June 16, 2016, and no obligation for which reimbursement will be sought from proceeds of the Funding Loan relating to the acquisition or construction of the Project was paid or incurred prior to 60 days prior to such date, except for permissible "preliminary expenditures", which include architectural, engineering surveying, soil testing, reimbursement bond issuance and similar costs incurred prior to the commencement of the acquisition and rehabilitation of the Project.

(viii) ***Qualified Costs***. The Borrower hereby represents, covenants and warrants that the proceeds of the Funding Loan shall be used or deemed used by Borrower exclusively to pay Qualified Project Costs.

(c) ***Limitation on Maturity***. The average maturity of the Governmental Lender Notes does not exceed 120 percent of the average reasonably expected economic life of the Project to be financed by the Funding Loan, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the net proceeds of the Funding Loan. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (A) the Closing Date for the Funding Loan or (B) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property.

(d) ***No Arbitrage***. The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Funding Loan or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause the Governmental Lender Notes to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. Except as provided in the Funding Loan Agreement and this Borrower Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under this Borrower Loan Agreement or the Borrower Notes relating to the Funding Loan, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of the Funding Loan, unless the Borrower has obtained in each case a Tax Counsel No Adverse Effect Opinion with respect to such action, a copy of which shall be provided to the Governmental Lender and the Funding Lender. The Borrower shall not, at any time prior to the final maturity of the Funding Loan, invest or cause any Gross Proceeds to be invested in any investment (or to use Gross Proceeds to replace money so invested), if, as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Funding Loan to the Maturity Date, except as permitted by Section 148 of the Code and Regulations thereunder or as provided in the Regulatory Agreement. The Borrower further covenants and agrees that it will comply with all applicable requirements of said Section 148 and the rules and Regulations thereunder relating to the Funding Loan and the interest thereon, including the employment of a Rebate Analyst acceptable to the Governmental Lender and Funding Lender for the calculation of rebatable amounts to the United States Treasury Department. The Borrower agrees that it will cause the Rebate Analyst to calculate the rebatable amounts not later than forty-five days after the fifth anniversary of the Closing Date and each five years thereafter, and not later than forty-five days after the final Computation Date, and agrees that the Borrower will pay

all costs associated therewith. The Borrower agrees to provide evidence of the employment of the Rebate Analyst satisfactory to the Governmental Lender and Funding Lender.

(e) ***No Federal Guarantee***. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the Borrower shall not take or omit to take any action which would cause the Governmental Lender Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(f) ***Representations***. The Borrower has supplied or caused to be supplied to Tax Counsel all documents, instruments and written information requested by Tax Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Tax Counsel, which have been reasonably relied upon by Tax Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Governmental Lender Notes for federal income tax purposes, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein in order to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information which Tax Counsel has not requested.

(g) ***Qualified Residential Rental Project***. The Borrower hereby covenants and agrees that the Project will be operated as a "qualified residential rental project" within the meaning of Section 142(d) of the Code, on a continuous basis during the longer of the Qualified Project Period (as defined in the Regulatory Agreement) or any period during which any portion of the Governmental Lender Notes remain outstanding, to the end that the interest on the Governmental Lender Notes shall be excluded from gross income for federal income tax purposes. The Borrower hereby covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(h) ***Information Reporting Requirements***. The Borrower will comply with the information reporting requirements of Section 149(e)(2) of the Code requiring certain information regarding the Governmental Lender Notes to be filed with the Internal Revenue Service within prescribed time limits.

(i) ***Funding Loan Not a Hedge Bond***. The Borrower covenants and agrees that not more than 50% of the proceeds of the Funding Loan will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more within the meaning of Section 149(f)(3)(A)(ii) of the Code, and the Borrower reasonably expects that at least 85% of the spendable proceeds of the Funding Loan will be used to carry out the governmental purposes of the Funding Loan within the three-year period beginning on the Closing Date.

(j) ***Termination of Restrictions***. Although the parties hereto recognize that, subject to the provisions of the Regulatory Agreement, the provisions of this Borrower Loan Agreement shall terminate in accordance with Section 10.14 hereof, the parties hereto recognize that pursuant to the Regulatory Agreement, certain requirements, including the requirements incorporated by reference in this Section, may continue in effect beyond the term hereof.

(k) ***Public Approval***. The Borrower covenants and agrees that the proceeds of the Funding Loan will not be used by Borrower in a manner that deviates in any substantial degree from the Project described in the written notice of a public hearing regarding the Funding Loan.

(l) ***40/60 Test Election***. The Borrower and the Governmental Lender hereby elect to apply the requirements of Section 142(d)(1)(B) to the Project. The Borrower hereby represents, covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(m) ***Modification of Tax Covenants***. Subsequent to the origination of the Funding Loan and prior to its payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Funding Loan Agreement), this Section 5.34 hereof may not be amended, changed, modified, altered or terminated except as permitted herein and by the Funding Loan Agreement and with the Written Consent of the Governmental Lender and the Funding Lender. Anything contained in this Borrower Loan Agreement or the Funding Loan Agreement to the contrary notwithstanding, the Governmental Lender, the Funding Lender and the Borrower hereby agree to amend this Borrower Loan Agreement and, if appropriate, the Funding Loan Agreement and the Regulatory Agreement, to the extent required, in the opinion of Tax Counsel, in order for interest on the Governmental Lender Notes to remain excludable from gross income for federal income tax purposes. The party requesting such amendment, which may include the Funding Lender, shall notify the other parties to this Borrower Loan Agreement of the proposed amendment and send a copy of such requested amendment to Tax Counsel. After review of such proposed amendment, Tax Counsel shall render to the Funding Lender and the Governmental Lender an opinion as to the effect of such proposed amendment upon the includability of interest on the Governmental Lender Notes in the gross income of the recipient thereof for federal income tax purposes. The Borrower shall pay all reasonable fees and expenses incurred with respect to such amendment. The Borrower, the Governmental Lender and, where applicable, the Funding Lender per written instructions from the Governmental Lender shall execute, deliver and, if applicable, the Borrower shall file of record, any and all documents and instruments, including without limitation, an amendment to the Regulatory Agreement, with a file-stamped copy to the Funding Lender, necessary to effectuate the intent of this Section 5.34, and the Borrower and the Governmental Lender hereby appoint the Funding Lender as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Tax Counsel) if either the Borrower or the Governmental Lender defaults in the performance of its obligation under this Section 5.34; provided, however, that the Funding Lender shall take no action under this Section 5.34 without first notifying the Borrower or the Governmental Lender, as is applicable, of its intention to take such action and providing the Borrower or the Governmental Lender, as is applicable, a reasonable opportunity to comply with the requirements of this Section 5.34.

The Borrower irrevocably authorizes and directs the Funding Lender and any other agent designated by the Governmental Lender to make payment of such amounts from funds of the Borrower, if any, held by the Funding Lender, or any agent of the Governmental Lender or the Funding Lender. The Borrower further covenants and agrees that, pursuant to the requirements of Treasury Regulation Section 1.148-1(b), it (or any related person contemplated by such regulations) will not purchase interests in the Funding Loan or the Governmental Lender Notes in an amount related to the amount of the Borrower Loan.

Section 5.35. Payment of Rebate.

(a) ***Arbitrage Rebate***. The Borrower agrees to take all steps necessary to compute and pay any rebatable arbitrage relating to the Funding Loan or the Series A Governmental Lender Note in accordance with Section 148(f) of the Code including:

(i) ***Delivery of Documents and Money on Computation Dates***. The Borrower will deliver to the Fiscal Agent, with a copy to the Funding Lender, within 55 days after each Computation Date:

(A) with a copy to the Governmental Lender, a statement, signed by the Borrower, stating the Rebate Amount as of such Computation Date;

(B) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any "previous rebate payments" made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations), or (2) if such Computation Date is the final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount as of such final Computation Date, less any "previous rebate payments" made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations); and

(C) with a copy to the Governmental Lender, an Internal Revenue Service Form 8038-T properly signed and completed as of such Computation Date.

(ii) ***Correction of Underpayments***. If the Borrower shall discover or be notified as of any date that any payment paid to the United States Treasury pursuant to this Section 5.35 of an amount described in Section 5.35(a)(i)(A) or (B) above shall have failed to satisfy any requirement of Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Governmental Lender or the Funding Lender), the Borrower shall (1) pay to the Fiscal Agent (for deposit to the Rebate Fund) and cause the Fiscal Agent to pay to the United States Treasury from the Rebate Fund the underpayment of the Rebate Amount, together with any penalty and/or interest due, as specified in Section 1.148-3(h) of the Regulations, within 175 days after any discovery or notice and (2) deliver to the Fiscal Agent an Internal Revenue Service Form 8038-T completed as of such date. If such underpayment of the Rebate Amount, together with any penalty and/or interest due, is not paid to the United States Treasury in the amount and manner and by the time specified in the Regulations, the Borrower shall take such steps as are necessary to prevent the Governmental Lender Notes from becoming arbitrage bonds within the meaning of Section 148 of the Code.

(iii) ***Records***. The Borrower shall retain all of its accounting records relating to the funds established under this Borrower Loan Agreement and all calculations made in preparing the statements described in this Section 5.35 for at least six years after the later of the final maturity of the Governmental Lender Notes or the date the Funding Loan is retired in full.

(iv) ***Costs***. The Borrower agrees to pay all of the reasonable fees and expenses of a nationally recognized Tax Counsel, the Rebate Analyst a certified public accountant and any other necessary consultant employed by the Borrower or the Funding Lender in connection with computing the Rebate Amount.

(v) ***No Diversion of Rebatable Arbitrage***. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing

requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Funding Loan which is not purchased at Fair Market Value or includes terms that the Borrower would not have included if the Funding Loan were not subject to Section 148(f) of the Code.

(vi) ***Modification of Requirements***. If at any time during the term of this Borrower Loan Agreement, the Governmental Lender, the Funding Lender or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section 5.35, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein a Tax Counsel No Adverse Effect Opinion (as defined in the Funding Loan Agreement) with respect to such action.

(b) ***Rebate Fund***. The Borrower acknowledges that the Fiscal Agent shall establish and hold a separate fund designated as the "Rebate Fund" under the Funding Loan Agreement and deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto, as further described in Section 7.8 of the Funding Loan Agreement.

Section 5.36. Covenants under Funding Loan Agreement. The Borrower will fully and faithfully perform all the duties and obligations which the Governmental Lender has covenanted and agreed in the Funding Loan Agreement to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Funding Loan Agreement to perform. The foregoing will not apply to any duty or undertaking of the Governmental Lender that by its nature cannot be delegated or assigned.

Section 5.37. Continuing Disclosure Agreement. The Borrower and the Funding Lender shall enter into the Continuing Disclosure Agreement to provide for the continuing disclosure of information about the Funding Loan, the Borrower and other matters as specifically provided for in such agreement.

ARTICLE VI

NEGATIVE COVENANTS

Borrower hereby covenants and agrees as follows, which covenants shall remain in effect so long as any Borrower Payment Obligation or other obligation of Borrower under any of the other Borrower Loan Documents or the Funding Loan Documents remains outstanding or unperformed. Borrower covenants and agrees that it will not, directly or indirectly:

Section 6.1. Management Agreement. Without first obtaining the Funding Lender's prior Written Consent, enter into the Management Agreement, and thereafter the Borrower shall not, without the Funding Lender's prior Written Consent (which consent shall not be unreasonably withheld) and subject to the Regulatory Agreement: (i) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; (iv) otherwise modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect any of its rights and remedies under, the Management Agreement; or (v) suffer or permit the occurrence and continuance of a default beyond any applicable

cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement).

Section 6.2. Dissolution. Dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

Section 6.3. Change in Business or Operation of Property. Enter into any line of business other than the ownership and operation of the Project, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multi-family property or terminate such business for any reason whatsoever (other than temporary cessation in connection with construction or rehabilitation, as appropriate, of the Project).

Section 6.4. Debt Cancellation. Cancel or otherwise forgive or release any claim or debt owed to the Borrower by a Person, except for adequate consideration or in the ordinary course of the Borrower's business in its reasonable judgment.

Section 6.5. Assets. Purchase or own any real property or personal property incidental thereto other than the Project.

Section 6.6. Transfers. Make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Security Instrument and Section 10 of the Regulatory Agreement, nor transfer any material License required for the operation of the Project.

Section 6.7. Debt. Other than as expressly approved in writing by the Funding Lender, create, incur or assume any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or interest therein or in the Borrower or any partner thereof (including subordinate debt) other than (i) the Borrower Payment Obligations, (ii) the Subordinate Debt, (iii) secured indebtedness incurred pursuant to or permitted by the Borrower Loan Documents and the Funding Loan Documents, (iv) trade payables incurred in the ordinary course of business, (v) deferred developer fee (subject to the limitations set forth in Section 6.13(b)), and (vi) unsecured loans payable solely from cash flow made by a partner of Borrower as set forth in the Partnership Agreement.

Section 6.8. Assignment of Rights. Without the Funding Lender's prior Written Consent, attempt to assign the Borrower's rights or interest under any Borrower Loan Document or Funding Loan Document in contravention of any Borrower Loan Document or Funding Loan Document.

Section 6.9. Principal Place of Business. Change its principal place of business without providing 30 days' prior Written Notice of the change to the Funding Lender and the Servicer.

Section 6.10. Partnership Agreement. Without the Funding Lender's prior Written Consent (which consent shall not be unreasonably withheld) surrender, terminate, cancel, modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect (except as allowed by the Security Instrument), any of its rights or remedies under the Partnership Agreement; provided, however, the consent of Funding Lender is not required for an

amendment of the Partnership Agreement resulting solely from the "Permitted Transfer" of partnership interests of Borrower as defined in and permitted by the Security Instrument.

Section 6.11. ERISA. Maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of the Borrower to, maintain, sponsor, contribute to or become obligated to contribute to, any Plan, or permit the assets of the Borrower to become "plan assets," whether by operation of law or under regulations promulgated under ERISA.

Section 6.12. No Hedging Arrangements. Without the prior Written Consent of the Funding Lender or unless otherwise required by this Borrower Loan Agreement, the Borrower will not enter into or guarantee, provide security for or otherwise undertake any form of contractual obligation with respect to any interest rate swap, interest rate cap or other arrangement that has the effect of an interest rate swap or interest rate cap or that otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

Section 6.13. Loans and Investments; Distributions; Related Party Payments.

(a) Without the prior Written Consent of Funding Lender in each instance, Borrower shall not (i) lend money, make investments, or extend credit, other than in the ordinary course of its business as presently conducted; or (ii) except as set forth in the Partnership Agreement including any exhibit thereto, repurchase, redeem or otherwise acquire any interest in Borrower, any Borrower Affiliate or any other Person owning an interest, directly or indirectly, in Borrower, or make any distribution, in cash or in kind, in respect of interests in Borrower, any Borrower Affiliate or any other Person owning an interest, directly or indirectly, in Borrower (except to the extent permitted by the Security Instrument and subject to the limitations set forth in Section 5.27 hereof).

(b) Disbursements for fees and expenses of any Borrower Affiliate and developer fees (however characterized) will only be paid to the extent that such fee or expense bears a proportionate relationship to the percentage of completion of the construction or rehabilitation, as the case may be, of the Improvements, as determined by the Construction Consultant, and only after deducting the applicable Retainage. Except as otherwise permitted hereunder or by the Funding Lender, no Disbursements for the Developer Fee or any "deferred developer fees" shall be made prior to the Conversion Date other than in accordance with the Approved Developer Fee Schedule.

Section 6.14. Amendment of Related Documents or CC&R's. Without the prior Written Consent of Funding Lender in each instance, except as provided herein or in the Construction Funding Agreement, Borrower shall not enter into or consent to any amendment, termination, modification, or other alteration of any of the Related Documents or any of the CC&R's (including, without limitation, those contained in the Borrower Loan Agreement, any Architect's Agreement or Engineer's Contract, any Construction Contract, and any Management Agreement, but excluding the Partnership Agreement, which is covered by Section 6.10), or any assignment, transfer, pledge or hypothecation of any of its rights thereunder, if any.

Section 6.15. Personal Property. Borrower shall not install materials, personal property, equipment or fixtures subject to any security agreement or other agreement or contract wherein the right is reserved to any Person other than Borrower to remove or repossess any such materials, equipment or fixtures, or whereby title to any of the same is not completely vested in Borrower at the

time of installation, without Funding Lender's prior Written Consent; provided, however, that this Section 6.15 shall not apply to laundry equipment or other equipment that is owned by a third-party vendor and commercial tenants.

Section 6.16. Fiscal Year. Without Funding Lender's Written Consent, which shall not be unreasonably withheld, neither Borrower nor General Partner shall change the times of commencement or termination of its fiscal year or other accounting periods, or change its methods of accounting, other than to conform to GAAP.

Section 6.17. Publicity. Neither Borrower nor General Partner shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify Funding Lender or any of its Affiliates as the source of the financing provided for herein, without the prior written approval of Funding Lender in each instance (provided that nothing herein shall prevent Borrower or General Partner from identifying Funding Lender or its Affiliates as the source of such financing to the extent that Borrower or General Partner are required to do so by disclosure requirements applicable to publicly held companies). Borrower and General Partner agree that no sign shall be posted on the Project in connection with the construction or rehabilitation of the Improvements unless such sign identifies Citigroup and its affiliates as the source of the financing provided for herein or Funding Lender consents to not being identified on any such sign.

Section 6.18. Subordinate Loan Documents. Without Funding Lender's prior written consent, Borrower will not surrender, terminate, cancel, modify, change, supplement, alter, amend, waive, release, assign, transfer, pledge or hypothecate any of its rights or remedies under the Subordinate Loan Documents.

ARTICLE VII

RESERVED

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ARTICLE VIII

DEFAULTS

Section 8.1. Events of Default. Each of the following events shall constitute an "Event of Default" under the Borrower Loan Agreement:

(a) failure by the Borrower to pay any Borrower Loan Payment in the manner and on the date such payment is due in accordance with the terms and provisions of the Borrower Notes, or the failure by the Borrower to pay any Additional Borrower Payment on the date such payment is due in accordance with the terms and provisions of the Borrower Notes, the Security Instrument, this Borrower Loan Agreement or any other Borrower Loan Document;

(b) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsection (a) above or elsewhere in this Section 8.1) required to be paid by the Borrower under this Borrower Loan Agreement, the Borrower Notes, the Security Instrument or any of the other Borrower Loan Documents or Funding Loan Documents, including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of five (5) days after Written Notice thereof shall have been given to the Borrower;

(c) an Event of Default, as defined in the Borrower Notes, the Security Instrument or any other Borrower Loan Document, occurs (or to the extent an "Event of Default" is not defined in any other Borrower Loan Document, any default or breach by the Borrower or any Guarantor of its obligations, covenants, representations or warranties under such Borrower Loan Document occurs and any applicable notice and/or cure period has expired);

(d) any representation or warranty made by any of the Borrower, the Guarantor or the General Partner in any Borrower Loan Document or Funding Loan Document to which it is a party, or in any report, certificate, financial statement or other instrument, agreement or document furnished by the Borrower, the Guarantor or the General Partner in connection with any Borrower Loan Document or Funding Loan Document, shall be false or misleading in any material respect as of the Closing Date;

(e) the Borrower shall make a general assignment for the benefit of creditors, or shall generally not be paying its debts as they become due;

(f) the Borrower Controlling Entity shall make a general assignment for the benefit of creditors, shall generally not be paying its debts as they become due, or an Act of Bankruptcy with respect to the Borrower Controlling Entity shall occur, unless in all cases the Borrower Controlling Entity is replaced with a substitute Borrower Controlling Entity that satisfies the requirements of Section 21 of the Security Instrument; which, in the case of a nonprofit Borrower Controlling Entity, may be replaced within sixty (60) days of such event with another nonprofit Borrower Controlling Entity acceptable to the Funding Lender, in which case no Event of Default shall be deemed to have occurred;

(g) any portion of Borrower Deferred Equity to be made by Equity Investor and required for (i) completion of the construction or rehabilitation, as the case may be, of the Improvements, (ii) the satisfaction of the Conditions of Conversion or (iii) the operation of the Improvements, is not received in accordance with the Partnership Agreement after the expiration of all applicable notice and cure periods;

(h) the failure by Borrower or any ERISA Affiliate of Borrower to comply in all respects with ERISA, or the occurrence of any other event (with respect to the failure of Borrower or any ERISA Affiliate to pay any amount required to be paid under ERISA or with respect to the termination of, or withdrawal of Borrower or any ERISA Affiliate from, any employee benefit or welfare plan subject to ERISA) the effect of which is to impose upon Borrower (after giving effect to the tax consequences thereof) for the payment of any amount in excess of Fifty Thousand Dollars ($50,000);

(i) a Bankruptcy Event shall occur with respect to Borrower, any General Partner or Guarantor, or there shall be a change in the assets, liabilities or financial position of any such Person which has a material adverse effect upon the ability of such Person to perform such Person's obligations under this Borrower Loan Agreement, any other Borrower Loan Document or any Related Document, provided that any such Bankruptcy Event with respect to a Guarantor shall not constitute an Event of Default: (i) if such Bankruptcy Event occurs on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such Bankruptcy Event occurs prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(j) all or any part of the property of Borrower is attached, levied upon or otherwise seized by legal process, and such attachment, levy or seizure is not quashed, stayed or released: (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, within ten (10) days of the date thereof or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, within thirty (30) days of the date thereof;

(k) subject to Section 10.16 hereof, Borrower fails to pay when due any monetary obligation (other than pursuant to this Borrower Loan Agreement) to any Person in excess of $100,000, and such failure continues beyond the expiration of any applicable cure or grace periods;

(l) any material litigation or proceeding is commenced before any Governmental Authority against or affecting Borrower, any General Partner or Guarantor, or property of Borrower, any General Partner or Guarantor, or any part thereof, and such litigation or proceeding is not defended diligently and in good faith by Borrower, any General Partner or Guarantor, as applicable, provided that any such material litigation or proceeding against a Guarantor shall not constitute an Event of Default: (i) if such material litigation is commenced on or after the date upon which the Guaranty terminates in accordance with its

terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such material litigation or proceeding is commenced prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(m) a final judgment or decree for monetary damages in excess of $50,000 or a monetary fine or penalty (not subject to appeal or as to which the time for appeal has expired) is entered against Borrower, any General Partner or Guarantor by any Governmental Authority, and such judgment, decree, fine or penalty is not paid and discharged or stayed (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, within ten (10) days after entry thereof or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, within thirty (30) days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment, fine or penalty) , provided that any such judgment, decree, fine or penalty against a Guarantor shall not constitute an Event of Default: (i) if such judgment, decree, fine or penalty is entered on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such judgment, decree, fine or penalty is entered prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(n) a final, un-appealable and uninsured money judgment or judgments, in favor of any Person other than a Governmental Authority, in the aggregate sum of $50,000 or more shall be rendered against Borrower, any General Partner or Guarantor, or against any of their respective assets, that is not paid, superseded or stayed (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, within ten (10) days after entry thereof or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, within thirty (30) days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment); or any levy of execution, writ or warrant of attachment, or similar process, is entered or filed against Borrower, any General Partner or Guarantor, or against any of their respective assets (that is likely to have a material adverse effect upon the ability of Borrower, any General Partner or Guarantor to perform their respective obligations under this Borrower Loan Agreement, any other Borrower Loan Document or any Related Document), and such judgment, writ, warrant or process shall remain unsatisfied, unsettled, unvacated, unhanded and unstayed (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, for a period of ten (10) days or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, for a period of thirty (30) days, or in any event later than five (5) Business Days prior to the date of any proposed sale thereunder, provided that any such judgment, levy, writ, warrant, attachment or similar process against a Guarantor shall

not constitute an Event of Default: (i) if such judgment, levy, writ, warrant, attachment or similar process is entered on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such judgment, levy, writ, warrant, attachment or similar process is entered prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(o) the inability of Borrower to satisfy any condition for the receipt of a Disbursement hereunder (other than an Event of Default specifically addressed in this Section 8.1) and failure to resolve the situation to the satisfaction of Funding Lender for a period in excess of thirty (30) days after Written Notice from Funding Lender unless caused by Force Majeure;

(p) the construction or rehabilitation of the Improvements is abandoned or halted prior to completion for any period of thirty (30) consecutive days caused by Force Majeure;

(q) Borrower shall fail to keep in force and effect any material permit, license, consent or approval required under this Borrower Loan Agreement, or any Governmental Authority with jurisdiction over the Mortgaged Property or the Project orders or requires that construction or rehabilitation of the Improvements be stopped, in whole or in part, or that any required approval, license or permit be withdrawn or suspended, and the order, requirement, withdrawal or suspension remains in effect for a period of thirty (30) days;

(r) failure by the Borrower to Substantially Complete the construction or rehabilitation, as the case may be, of the Improvements in accordance with this Borrower Loan Agreement on or prior to the Substantial Completion Date;

(s) failure by Borrower to complete the construction or rehabilitation, as the case may be, of the Improvements in accordance with this Borrower Loan Agreement on or prior to the Completion Date;

(t) failure by Borrower to satisfy the Conditions to Conversion on or before the Outside Conversion Date;

(u) an "Event of Default" or "Default" (as defined in the applicable agreement) shall occur under any of the Subordinate Loan Documents, after the expiration of all applicable notice and cure periods; or

(v) Borrower fails to obtain all grading, foundation, building and all other construction permits, licenses and authorizations from all applicable Governmental Authorities or third parties necessary for the completion of the construction or rehabilitation, as the case may be, of the Improvements, and the operation of, and access to, the Project, prior to the commencement of any work for which such permit, license or authorization is required; or

(w) any failure by the Borrower to perform or comply with any of its obligations under this Borrower Loan Agreement (other than those specified in this Section 8.1), as and when required, that continues for a period of thirty (30) days after written notice of such failure by Funding Lender or the Servicer on its behalf to the Borrower; provided, however, if such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such failure within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such failure, such additional period not to exceed sixty (60) days. However, no such notice or grace period shall apply to the extent such failure could, in the Funding Lender's judgment, absent immediate exercise by the Funding Lender of a right or remedy under this Borrower Loan Agreement, result in harm to the Funding Lender, impairment of the Borrower Notes or this Borrower Loan Agreement or any security given under any other Borrower Loan Document.

Section 8.2. Remedies.

Section 8.2.1 Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in paragraph (e), (f) or (i) of Section 8.1) and at any time and from time to time thereafter, as long as such Event of Default continues to exist, in addition to any other rights or remedies available to the Governmental Lender pursuant to the Borrower Loan Documents or at law or in equity, the Funding Lender may, take such action (whether directly or by directing the actions of the Fiscal Agent), without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Borrower Notes to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations in any manner and in any order determined by Funding Lender, in Funding Lender's sole and absolute discretion; and upon any Event of Default described in paragraph (e), (f) or (i) of Section 8.1, the Borrower Payment Obligations shall become immediately due and payable, without notice or demand, and the Borrower hereby expressly waives any such notice or demand, anything contained in any Borrower Loan Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary, enforcement of remedies hereunder and under the Funding Loan Agreement shall be controlled by the Funding Lender.

Section 8.2.2 Remedies Cumulative. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to the Funding Lender against the Borrower under the Borrower Loan Documents or at law or in equity may be exercised by the Funding Lender or the Fiscal Agent, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Borrower Loan Documents. Any such actions taken by the Funding Lender shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Funding Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Funding Lender permitted by law, equity or contract or as set forth in the Borrower Loan Documents. Without limiting the generality of the foregoing, the Borrower agrees that if an Event of Default is continuing, all Liens and other rights, remedies or privileges provided to the Funding Lender shall remain in full force and

effect until they have exhausted all of its remedies, the Security Instrument has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations has been paid in full. To the extent permitted by applicable law, nothing contained in any Borrower Loan Document shall be construed as requiring the Funding Lender to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Funding Lender may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

Notwithstanding any provision herein to the contrary, the Governmental Lender, the Fiscal Agent and the Funding Lender agree that any cure of any default made or tendered by the Equity Investor under the Borrower Loan Documents or the Funding Loan Documents shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 8.2.3 Delay. No delay or omission to exercise any remedy, right, power accruing upon an Event of Default, or the granting of any indulgence or compromise by the Funding Lender or the Fiscal Agent shall impair any such remedy, right or power hereunder or be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Potential Default or Event of Default shall not be construed to be a waiver of any subsequent Potential Default or Event of Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Borrower Loan Agreement, the Funding Lender and the Fiscal Agent reserve the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Security Instrument to the extent necessary to foreclose on the Project, the Rents, the funds or any other collateral.

Section 8.2.4 Set Off; Waiver of Set Off. Upon the occurrence of an Event of Default, Funding Lender may, at any time and from time to time, without notice to Borrower or any other Person (any such notice being expressly waived), set off and appropriate and apply (against and on account of any obligations and liabilities of the Borrower to the Funding Lender or the Fiscal Agent arising under or connected with this Borrower Loan Agreement and the other the Borrower Loan Documents and the Funding Loan Documents, irrespective of whether or not the Funding Lender shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured), and the Borrower hereby grants to the Funding Lender, as security for the Borrower Payment Obligations, a security interest in, any and all deposits (general or special, including but not limited to Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Debt at any time held or owing by the Funding Lender to or for the credit or the account of the Borrower.

Section 8.2.5 Assumption of Obligations. In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Borrower Loan Agreement, the Borrower Notes, the Regulatory Agreement, and any other the Borrower Loan Documents and Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

Section 8.2.6 Accounts Receivable. Upon the occurrence of an Event of Default, Funding Lender shall have the right, to the extent permitted by law, to impound and take possession of books,

records, notes and other documents evidencing Borrower's accounts, accounts receivable and other claims for payment of money, arising in connection with the Project, and to make direct collections on such accounts, accounts receivable and claims for the benefit of Funding Lender.

Section 8.2.7 Defaults under Other Documents. Funding Lender shall have the right to cure any default under any of the Related Documents and the Subordinate Loan Documents, but shall have no obligation to do so.

Section 8.2.8 Abatement of Disbursements. Notwithstanding any provision to the contrary herein or any of the other Borrower Loan Documents or the Funding Loan Documents, Funding Lender's obligation to make further Disbursements shall abate (i) during the continuance of any Potential Default, (ii) after any disclosure to Funding Lender of any fact or circumstance that, absent such disclosure, would cause any representation or warranty of Borrower to fail to be true and correct in all material respects, unless and until Funding Lender elects to permit further Disbursements notwithstanding such event or circumstance; and (iii) upon the occurrence of any Event of Default.

Section 8.2.9 Completion of Improvements. Upon the occurrence of any Event of Default, Funding Lender shall have the right to cause an independent contractor selected by Funding Lender to enter into possession of the Project and to perform any and all work and labor necessary for the completion of the Project substantially in accordance with the Plans and Specifications, if any, and to perform Borrower's obligations under this Borrower Loan Agreement. All sums expended by Funding Lender for such purposes shall be deemed to have been disbursed to and borrowed by Borrower and shall be secured by the Security Documents.

Section 8.2.10 Right to Directly Enforce. Notwithstanding any other provision hereof to the contrary, the Funding Lender shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Governmental Lender or the Fiscal Agent, provided that only the Governmental Lender may enforce the Unassigned Rights. In the event that any of the provisions set forth in this Section 8.2.10 are inconsistent with the covenants, terms and conditions of the Security Instrument, the covenants, terms and conditions of the Security Instrument shall prevail.

Section 8.2.11 Power of Attorney. Effective upon the occurrence of an Event of Default, and continuing until and unless such Event of Default is cured or waived, Borrower hereby constitutes and appoints Funding Lender, or an independent contractor selected by Funding Lender, as its true and lawful attorney-in-fact with full power of substitution, for the purposes of completion of the Project and performance of Borrower's obligations under this Borrower Loan Agreement in the name of Borrower, and hereby empowers said attorney-in-fact to do any or all of the following upon the occurrence and continuation of an Event of Default (it being understood and agreed that said power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked until full payment and performance of all obligations under this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents):

(a) to use any of the funds of Borrower or General Partner, including any balance of the Borrower Loan, as applicable, and any funds which may be held by Funding Lender for Borrower (including all funds in all deposit accounts in which Borrower has granted to Funding Lender a security interest), for the purpose of effecting completion of the construction or rehabilitation, as the case may be, of the Improvements, in the manner called for by the Plans and Specifications;

(b) to make such additions, changes and corrections in the Plans and Specifications as shall be necessary or desirable to complete the Project in substantially the manner contemplated by the Plans and Specifications;

(c) to employ any contractors, subcontractors, agents, architects and inspectors required for said purposes;

(d) to employ attorneys to defend against attempts to interfere with the exercise of power granted hereby;

(e) to pay, settle or compromise all existing bills and claims which are or may be liens against the Project or the Improvements, or may be necessary or desirable for the completion of the construction or rehabilitation, as the case may be, of the Improvements, or clearance of objections to or encumbrances on title;

(f) to execute all applications and certificates in the name of Borrower, which may be required by any other construction contract;

(g) to prosecute and defend all actions or proceedings in connection with the Project and to take such action, require such performance and do any and every other act as is deemed necessary with respect to the completion of the construction or rehabilitation, as the case may be, of the Improvements, which Borrower might do on its own behalf;

(h) to let new or additional contracts to the extent not prohibited by their existing contracts;

(i) to employ watchmen and erect security fences to protect the Project from injury; and

(j) to take such action and require such performance as it deems necessary under any of the bonds or insurance policies to be furnished hereunder, to make settlements and compromises with the sureties or insurers thereunder, and in connection therewith to execute instruments of release and satisfaction.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default, rights and remedies may be pursued pursuant to the terms of the Borrower Loan Documents and the Funding Loan Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Funding Lender assignees or designees become the owner of the Project and assume the obligations identified above, and the Borrower Notes, the Borrower Loan and the other Borrower Loan Documents and Funding Loan Documents remain outstanding.

ARTICLE IX

SPECIAL PROVISIONS

Section 9.1. Sale of Note and Secondary Market Transaction.

Section 9.1.1 Cooperation. Subject to the restrictions of Section 2.4 of the Funding Loan Agreement, at the Funding Lender's or the Servicer's request (to the extent not already required to be

provided by the Borrower under this Borrower Loan Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Funding Lender or the Servicer customarily adheres or which may be reasonably required in the marketplace or by the Funding Lender or the Servicer in connection with one or more sales or assignments of all or a portion of the Governmental Lender Notes or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Governmental Lender Notes (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that neither the Borrower nor the Governmental Lender shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs shall be paid by the Funding Lender or the Servicer, and shall not materially modify Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower shall, so long as the Borrower Loan is still outstanding:

(a) (i) provide such financial and other information with respect to the Borrower Loan, and with respect to the Project, the Borrower, the Manager, the contractor of the Project or the Borrower Controlling Entity, (ii) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward looking statements or lack of audit, and (iii), at the expense of the Funding Lender or the Servicer, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports and other due diligence investigations of the Project, as may be reasonably requested from time to time by the Funding Lender or the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Funding Lender or the Servicer pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Funding Lender or the Servicer and the Rating Agencies;

(b) make such representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Project, the Borrower, the Borrower Loan Documents and the Funding Loan Documents reasonably acceptable to the Funding Lender or the Servicer, consistent with the facts covered by such representations and warranties as they exist on the date thereof; and

(c) execute such amendments to the Borrower Loan Documents and the Funding Loan Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Borrower Loan Documents and the Funding Loan Documents and is not otherwise adverse to the Borrower in its reasonable discretion.

Section 9.1.2 Use of Information. The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a "Secondary Market Disclosure Document"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall cooperate, subject to Section 9.1.1(c) hereof,

with the Funding Lender and the Servicer in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information.

The Borrower and the Funding Lender agree and acknowledge that the Governmental Lender undertakes no obligation hereunder or in the Funding Loan Agreement to participate in the preparation of, or to approve, any Secondary Market Disclosure Document.

Section 9.1.3 Borrower Obligations Regarding Secondary Market Disclosure Documents. In connection with a Secondary Market Disclosure Document, the Borrower shall provide, or in the case of a Borrower-engaged third party such as the Manager, cause it to provide, information reasonably requested by the Funding Lender pertaining to the Borrower, the Project or such third party (and portions of any other sections reasonably requested by the Funding Lender pertaining to the Borrower, the Project or the third party). The Borrower shall, if requested by the Funding Lender and the Servicer, certify in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project or the Manager) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such parties. Furthermore, the Borrower hereby indemnifies the Funding Lender and the Servicer for any Liabilities to which any such parties may become subject to the extent such Liabilities arise out of or are based upon a misrepresentation by Borrower in the Provided Information in a Secondary Market Disclosure Document.

Section 9.1.4 Borrower Indemnity Regarding Filings. In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify Funding Lender and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which Funding Lender, the Servicer or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Funding Lender, the Servicer, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Funding Lender, the Servicer or the Underwriter Group in connection with defending or investigating the Liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

Section 9.1.5 Indemnification Procedure. Promptly after receipt by an indemnified party under Sections 9.1.3 and 9.1.4 hereof of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to

the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party under this Section 9.1.5, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior Written Consent of the Borrower.

Section 9.1.6 Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 9.1.4 hereof is for any reason held to be unenforceable by an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 9.1.4 hereof, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Borrower Loan Document or Funding Loan Document (a "notice") shall be deemed to be given and made when delivered by hand, recognized overnight delivery service, confirmed facsimile transmission (provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day), or five (5) calendar days after deposited in the United States mail, registered or certified, postage prepaid, with return receipt requested, addressed as follows:

If to the Fiscal Agent	U.S. Bank National Association 633 W. 5th Street, 24th Floor Los Angeles, California 90071 Attention: Corporate Trust Services Telephone: (213) 615-6024 Facsimile: (213) 615-6199

If to the Governmental Lender:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Executive Director Phone: (619) 578-7575 Facsimile: (619) 578-7356
If to the Borrower:	Bella Vista Affordable Communities, L.P. c/o Logan Capital Advisors P.O. Box 880367 San Diego, CA 92168 Telephone: (619) 260-5562 Facsimile:
with a copy to:	Cox, Castle & Nicholson, LLP 50 California Street, Suite 3200 San Francisco, California 94111 Attention: Steve Ryan, Esq. Phone: (415) 262-5150 Facsimile: (415) 262-5199
and a copy to:	Hessel Aluise and Neun, PC 1100 17th Street, NW, Suite 1100 Washington, DC 20036 Attention: Phone: (202) 466-5300 Facsimile:
and a copy to:	Casa Familiar 268 West Park Avenue San Ysidro, California 92173 Attention: Lisa Cuestas. Phone: (619) 313-3863 Facsimile: (619) 428-1115
and a copy to:	Duane Morris LLP 750 B Street, Suite 2900 San Diego, CA 92101 Attention: Joshua Summers, Esq. Phone: (619) 744-2266 Facsimile: (619) 923-2502
If to the Equity Investor:	AEGON USA Realty Advisors, LLC [ADDRESS] Attention: Telephone: Facsimile:

with a copy to:	Klein Hornig LLP 101 Arch Street, Suite 1101 Boston, MA 02110 Attention: Phone:
If to the Funding Lender:	Citibank, N.A. 388 Greenwich Street, 8th Floor New York, New York 10013 Attention: Transaction Management Group Re: Bella Vista Deal ID#24101 Facsimile: (212) 723- 8209
and to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Re: Bella Vista Deal ID#24101 Facsimile: (805) 557-0924
prior to the Conversion Date, with a copy to:	Citibank, N.A. 388 Greenwich Street, 8th Floor New York, New York 10013 Attention: Account Specialist Re: Bella Vista Deal ID#24101 Facsimile: (212) 723-8209
following the Conversion Date with a copy to:	Citibank, N.A. c/o Berkadia Commercial Servicing Department 323 Norristown Road, Suite 300 Ambler, Pennsylvania 19002 Attention: Client Relations Manager Re: Bella Vista Deal ID#24101 Facsimile: (215) 328-0305
and a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street New York, New York 10013 Attention: General Counsel's Office Re: Bella Vista Deal ID#24101 Facsimile: (212) 723-8939

Any party may change such party's address for the notice or demands required under this Borrower Loan Agreement by providing written notice of such change of address to the other parties by written notice as provided herein.

Section 10.2. Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in

connection with the Borrower Loan, other than those disclosed to the Funding Lender and whose fees shall be paid by the Borrower pursuant to separate agreements. The Borrower and the Funding Lender shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 10.2 shall survive the expiration and termination of this Borrower Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 10.3. Survival. This Borrower Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Governmental Lender of the Borrower Loan and the execution and delivery to the Governmental Lender of the Borrower Notes and the assignment of the Borrower Notes to the Funding Lender, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrower's covenants and agreements in this Borrower Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer.

Section 10.4. Preferences. The Governmental Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by the Borrower to any portion of the Borrower Payment Obligations. To the extent the Borrower makes a payment to the Governmental Lender or the Servicer, or the Governmental Lender or the Servicer receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Governmental Lender or the Servicer.

Section 10.5. Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Funding Lender, the Fiscal Agent or the Servicer except with respect to matters for which this Borrower Loan Agreement or any other the Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, with respect to any matter for which no Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer to the Borrower.

Section 10.6. Offsets, Counterclaims and Defenses. The Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Funding Lender or the Servicer with respect to a Borrower Loan Payment. Any assignee of Funding Lender's interest in and to the Borrower Loan Documents or the Funding Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Borrower Loan Documents or the Funding Loan Documents which the Borrower may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any

such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

Section 10.7. Publicity. The Funding Lender and the Servicer (and any Affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Funding Lender's or the Servicer's participation in the making of the Borrower Loan or the Borrower Loan's inclusion in any Secondary Market Transaction effectuated by the Funding Lender or the Servicer or one of its or their Affiliates. All news releases, publicity or advertising by the Borrower or Borrower Affiliates through any media intended to reach the general public, which refers to the Borrower Loan Documents or the Funding Loan Documents, the Borrower Loan, the Funding Lender or the Servicer in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Funding Lender or the Servicer, as applicable.

Section 10.8. Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Borrower Loan Documents and the Funding Loan Documents and that the Borrower Loan Documents and the Funding Loan Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 10.9. No Third Party Beneficiaries. The Borrower Loan Documents and the Funding Loan Documents are solely for the benefit of the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Borrower and, with respect to Sections 9.1.3 and 9.1.4 hereof, the Underwriter Group, and nothing contained in any Borrower Loan Document shall be deemed to confer upon anyone other than the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer, and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.10. Assignment. The Borrower Loan, the Security Instrument, the Borrower Loan Documents and the Funding Loan Documents and all Funding Lender's or Fiscal Agent's rights, title, obligations and interests therein may be assigned by the Funding Lender or the Fiscal Agent, as appropriate, at any time in its sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise, subject in any event to the provisions of Section 2.4 of the Funding Loan Agreement. Upon such assignment, all references to Funding Lender or the Fiscal Agent, as appropriate, in this Borrower Loan Agreement and in any Borrower Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Funding Lender or the Fiscal Agent, as appropriate. The Borrower shall accord full recognition to any such assignment, and all rights and remedies of Funding Lender in connection with the interest so assigned shall be as fully enforceable by such assignee as they were by Funding Lender before such assignment. In connection with any proposed assignment, Funding Lender may disclose to the proposed assignee any information that the Borrower has delivered, or caused to be delivered, to Funding Lender with reference to the Borrower, General Partner, Guarantor or any Borrower Affiliate, or the Project, including information that the Borrower is required to deliver to Funding Lender pursuant to this Borrower Loan Agreement, provided that such proposed assignee agrees to treat such information as confidential. The Borrower may not assign its rights, interests or obligations under this Borrower Loan Agreement or under any of the Borrower Loan Documents or Funding Loan Documents, or the Borrower's interest in any moneys to be disbursed or advanced hereunder, except only as may be expressly permitted hereby.

Section 10.11. [Reserved].

Section 10.12. Governmental Lender, Funding Lender and Servicer Not in Control; No Partnership. None of the covenants or other provisions contained in this Borrower Loan Agreement shall, or shall be deemed to, give the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer the right or power to exercise control over the affairs or management of the Borrower, the power of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer being limited to the rights to exercise the remedies referred to in the Borrower Loan Documents and the Funding Loan Documents. The relationship between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Borrower Loan Documents or the Funding Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer or to create an equity in the Project in the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer. Neither the Governmental Lender, the Funding Lender, the Fiscal Agent nor the Servicer undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Borrower Loan, except as expressly provided in the Borrower Loan Documents or the Funding Loan Documents; and notwithstanding any other provision of the Borrower Loan Documents and the Funding Loan Documents: (1) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members, or partners and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer do not intend to ever assume such status; (2) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, the Borrower Controlling Entities or its stockholders, members, or partners. The Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Borrower, or to create an equity in the Project in the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, or any sharing of liabilities, losses, costs or expenses.

Section 10.13. Release. The Borrower hereby acknowledges that it is executing this Borrower Loan Agreement and each of the Borrower Loan Documents and the Funding Loan Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 10.14. Term of Borrower Loan Agreement. This Borrower Loan Agreement shall be in full force and effect until all payment obligations of the Borrower hereunder have been paid in full and the Borrower Loan and the Funding Loan have been retired or the payment thereof has been provided for; except that on and after payment in full of the Borrower Notes, this Borrower Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 5.11, 5.14, 5.15, 9.1.3, 9.1.4, 9.1.5, 9.1.6 and 10.15 hereof, as well as under Section 5.7 of the Construction Funding Agreement, shall survive the termination of this Borrower Loan Agreement.

Section 10.15. Reimbursement of Expenses. If, upon or after the occurrence of any Event of Default or Potential Default, the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer shall employ attorneys or incur other expenses for the enforcement of performance or

observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on demand therefor reimburse the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer for fees of such attorneys and such other expenses so incurred.

The Borrower's obligation to pay the amounts required to be paid under this Section 10.15 shall be subordinate to its obligations to make payments under the Borrower Notes.

Section 10.16. Permitted Contests. Notwithstanding anything to the contrary contained in this Borrower Loan Agreement, Borrower shall have the right to contest or object in good faith to any claim, demand, levy or assessment (other than in respect of Debt or Contractual Obligations of Borrower under any Borrower Loan Document or Related Document) by appropriate legal proceedings that are not prejudicial to Funding Lender's rights, but this shall not be deemed or construed as in any way relieving, modifying or providing any extension of time with respect to Borrower's covenant to pay and comply with any such claim, demand, levy or assessment, unless Borrower shall have given prior Written Notice to the Funding Lender of Borrower's intent to so contest or object thereto, and unless (i) Borrower has, in the Funding Lender's judgment, a reasonable basis for such contest, (ii) Borrower pays when due any portion of the claim, demand, levy or assessment to which Borrower does not object, (iii) Borrower demonstrates to Funding Lender's satisfaction that such legal proceedings shall conclusively operate to prevent enforcement prior to final determination of such proceedings, (iv) Borrower furnishes such bond, surety, undertaking or other security in connection therewith as required by law, or as requested by and satisfactory to Funding Lender, to stay such proceeding, which bond, surety, undertaking or other security shall be issued by a bonding company, insurer or surety company reasonably satisfactory to Funding Lender and shall be sufficient to cause the claim, demand, levy or assessment to be insured against by the Title Company or removed as a lien against the Project, (v) Borrower at all times prosecutes the contest with due diligence, and (vi) Borrower pays, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by Borrower, the amount so determined to be due and owing by Borrower. In the event that Borrower does not make, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by Borrower, any payment required to be made pursuant to clause (vi) of the preceding sentence, an Event of Default shall have occurred, and Funding Lender may draw or realize upon any bond or other security delivered to Funding Lender in connection with the contest by Borrower, in order to make such payment.

Section 10.17. Funding Lender Approval of Instruments and Parties. All proceedings taken in accordance with transactions provided for herein, and all surveys, appraisals and documents required or contemplated by this Borrower Loan Agreement and the persons responsible for the execution and preparation thereof, shall be satisfactory to and subject to approval by Funding Lender. Funding Lender's approval of any matter in connection with the Project shall be for the sole purpose of protecting the security and rights of Funding Lender. No such approval shall result in a waiver of any default of Borrower. In no event shall Funding Lender's approval be a representation of any kind with regard to the matter being approved.

Section 10.18. Funding Lender Determination of Facts. Funding Lender shall at all times be free to establish independently, to its reasonable satisfaction, the existence or nonexistence of any fact or facts, the existence or nonexistence of which is a condition of this Borrower Loan Agreement.

Section 10.19. Calendar Months. With respect to any payment or obligation that is due or required to be performed within a specified number of Calendar Months after a specified date, such

payment or obligation shall become due on the day in the last of such specified number of Calendar Months that corresponds numerically to the date so specified; provided, however, that with respect to any obligation as to which such specified date is the 29th, 30th or 31st day of any Calendar Month: if the Calendar Month in which such payment or obligation would otherwise become due does not have a numerically corresponding date, such obligation shall become due on the first day of the next succeeding Calendar Month.

Section 10.20. Determinations by Lender. Except to the extent expressly set forth in this Borrower Loan Agreement to the contrary, in any instance where the consent or approval of the Governmental Lender and the Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by the Governmental Lender and the Funding Lender under this Borrower Loan Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Governmental Lender and the Funding Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

Section 10.21. Governing Law. This Borrower Loan Agreement shall be governed by and enforced in accordance with the laws of the State, without giving effect to the choice of law principles of the State that would require the application of the laws of a jurisdiction other than the State.

Section 10.22. Consent to Jurisdiction and Venue. Borrower agrees that any controversy arising under or in relation to this Borrower Loan Agreement shall be litigated exclusively in the State. The state and federal courts and authorities with jurisdiction in the State shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Borrower Loan Agreement. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties' right to enforce a judgment against Borrower or any of Borrower's assets in any court of any other jurisdiction where Borrower's assets are located.

Section 10.23. Successors and Assigns. This Borrower Loan Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities.

Section 10.24. Severability. The invalidity, illegality or unenforceability of any provision of this Borrower Loan Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

Section 10.25. Entire Agreement; Amendment and Waiver. This Borrower Loan Agreement contains the complete and entire understanding of the parties with respect to the matters covered. This Borrower Loan Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Borrower Loan Agreement shall be considered as a general waiver. Without limiting the generality

of the foregoing, no Disbursement shall constitute a waiver of any conditions to the Governmental Lender's or the Funding Lender's obligation to make further Disbursements nor, in the event Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Governmental Lender or the Funding Lender from thereafter declaring such inability to constitute a Potential Default or Event of Default under this Borrower Loan Agreement.

Section 10.26. Counterparts. This Borrower Loan Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

Section 10.27. Captions. The captions of the sections of this Borrower Loan Agreement are for convenience only and shall be disregarded in construing this Borrower Loan Agreement.

Section 10.28. Servicer. Borrower hereby acknowledges and agrees that, pursuant to the terms of Section 39 of the Security Instrument: (a) from time to time, the Governmental Lender or the Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Borrower Notes, this Borrower Loan Agreement or the other Borrower Loan Documents, and to otherwise service the Borrower Loan and (b) unless Borrower receives Written Notice from the Governmental Lender or the Funding Lender to the contrary, any action or right which shall or may be taken or exercised by the Governmental Lender or the Funding Lender may be taken or exercised by such servicer with the same force and effect.

Section 10.29. Beneficiary Parties as Third Party Beneficiary. Each of the Beneficiary Parties shall be a third party beneficiary of this Borrower Loan Agreement for all purposes.

Section 10.30. Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE BENEFICIARY PARTIES (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS BORROWER LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

IF FOR ANY REASON THIS WAIVER IS DETERMINED TO BE UNENFORCEABLE, ALL DISPUTES WILL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROCEDURES SET FORTH IN THE SECURITY INSTRUMENT.

Section 10.31. Time of the Essence. Time is of the essence with respect to this Borrower Loan Agreement.

Section 10.32. [Reserved].

Section 10.33. Reference Date. This Borrower Loan Agreement is dated for reference purposes only as of the first day of August, 2017, and will not be effective and binding on the parties hereto unless and until the Closing Date (as defined herein) occurs.

ARTICLE XI

LIMITATIONS ON LIABILITY

Section 11.1. Limitation on Liability. Notwithstanding anything to the contrary herein, the liability of the Borrower hereunder and under the other Borrower Loan Documents and the Funding Loan Documents shall be limited to the extent set forth in the Borrower Notes.

Section 11.2. Limitation on Liability of Governmental Lender. The Governmental Lender shall not be obligated to pay the principal (or prepayment price) of or interest on the Funding Loan, except from moneys and assets received by the Fiscal Agent or the Funding Lender on behalf of the Governmental Lender pursuant to this Borrower Loan Agreement. Neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, nor the faith and credit of the Governmental Lender is pledged to the payment of the principal (or prepayment price) of or interest on the Funding Loan. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Borrower Loan Agreement or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement.

The Borrower hereby acknowledges that the Governmental Lender's sole source of moneys to repay the Funding Loan will be provided by the payments made by the Borrower pursuant to this Borrower Loan Agreement, together with investment income on certain funds and accounts held by the Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or prepayment price) of and interest on the Funding Loan as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Fiscal Agent, the Funding Lender or the Servicer, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or prepayment price) of or interest on the Funding Loan, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Fiscal Agent, the Funding Lender, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Fiscal Agent, the Funding Lender, the Governmental Lender or any such third party, as the case may be, therefor.

Section 11.3. Waiver of Personal Liability. No commissioner, member, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of any principal (or prepayment price) of or interest on the Funding Loan or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Borrower Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Borrower Loan Agreement.

Section 11.4. Limitation on Liability of Governmental Lender's or Funding Lender's Commissioners, Officers, Employees, Etc.

(a) Borrower assumes all risks of the acts or omissions of the Governmental Lender and the Funding Lender, provided, however, this assumption is not intended to, and shall not, preclude the Borrower from pursuing such rights and remedies as it may have against the Governmental Lender and the Funding Lender at law or under any other agreement. None of Governmental Lender,

the Fiscal Agent and the Funding Lender, nor the other Beneficiary Parties or their respective commissioners, officers, directors, employees or agents shall be liable or responsible for (i) for any acts or omissions of the Governmental Lender and the Funding Lender; or (ii) the validity, sufficiency or genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged. In furtherance and not in limitation of the foregoing, the Governmental Lender and the Funding Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, unless acceptance in light of such notice or information constitutes gross negligence or willful misconduct on the part of the Funding Lender, or willful misconduct of the Governmental Lender.

(b) None of the Governmental Lender, the Fiscal Agent, the Funding Lender, the other Beneficiary Parties or any of their respective commissioners, officers, directors, employees or agents shall be liable to any contractor, subcontractor, supplier, laborer, architect, engineer or any other party for services performed or materials supplied in connection with the Project. The Governmental Lender and the Funding Lender shall not be liable for any debts or claims accruing in favor of any such parties against the Borrower or others or against the Project. Borrower is not and shall not be an agent of the Governmental Lender and the Funding Lender for any purpose. Neither the Governmental Lender nor the Funding Lender is a joint venture partner with Borrower in any manner whatsoever. Prior to default by Borrower under this Borrower Loan Agreement and the exercise of remedies granted herein, the Governmental Lender and the Funding Lender shall not be deemed to be in privity of contract with any contractor or provider of services to the Project, nor shall any payment of funds directly to a contractor, subcontractor or provider of services be deemed to create any third party beneficiary status or recognition of same by the Governmental Lender and the Funding Lender. Approvals granted by the Governmental Lender and the Funding Lender for any matters covered under this Borrower Loan Agreement shall be narrowly construed to cover only the parties and facts identified in any written approval or, if not in writing, such approvals shall be solely for the benefit of Borrower.

(c) Any obligation or liability whatsoever of the Governmental Lender and the Funding Lender that may arise at any time under this Borrower Loan Agreement or any other Borrower Loan Document shall be satisfied, if at all, out of the Funding Lender's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Governmental Lender's or the Funding Lender's shareholders (if any), directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

Section 11.5. Delivery of Reports, Etc. The delivery of reports, information and documents to the Governmental Lender and the Funding Lender as provided herein is for informational purposes only and the Governmental Lender's and the Funding Lender's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Governmental Lender and the Funding Lender shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Borrower Loan Agreement against the Governmental Lender and the Funding Lender.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Borrower Loan Agreement by their respective authorized representative, as of the date first set forth above.

BORROWER:

BELLA VISTA AFFORDABLE COMMUNITIES, L.P.,
a California limited partnership

By: Casa Familiar, Inc.,
a California nonprofit public benefit corporation,
its Managing General Partner

By: _____
Name:
Title:

By: Bella Vista Communities, LLC,
a California limited liability company,
its Co-General Partner

By: Islas Development, LLC,
a California limited liability company,
its Managing Member

By: _____
Name: Ruben Islas
Title: Sole Member

(signatures follow on subsequent pages)

GOVERNMENTAL LENDER:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By:_____
Executive Director

Agreed to and Acknowledged by:

FUNDING LENDER:

CITIBANK, N.A.

By:_____

FUNDING LOAN AGREEMENT

among

CITIBANK, N.A.,
as Funding Lender

and

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Governmental Lender

and

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

dated as of August 1, 2017

relating to:

$_____
Housing Authority of the City of San Diego
Multifamily Housing Revenue Note
(Bella Vista Apartments), 2017 Series A

$_____
Housing Authority of the City of San Diego
Multifamily Housing Revenue Note
(Bella Vista Apartments), 2017 Taxable Series B

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FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of August 1, 2017 (this "**Funding Loan Agreement**"), is entered into by CITIBANK, N.A., (together with any successor hereunder, the "**Funding Lender**"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the "**Governmental Lender**") and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as fiscal agent (together with its successors and assigns, the "**Fiscal Agent**").

R E C I T A L S :

WHEREAS, the Governmental Lender is a public body, corporate and politic, duly organized and validly existing under the laws of the State of California; and

WHEREAS, the Governmental Lender is empowered pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "**Act**") to: (a) make loans to any person to provide financing for residential rental developments located within the jurisdiction of the Governmental Lender and intended to be occupied in part by persons of low and moderate income; (b) incur indebtedness for the purpose of obtaining moneys to make such loans and provide such financing, to establish any required reserve funds and to pay administrative costs and other costs incurred in connection with the incurrence of such indebtedness of the Governmental Lender; and (c) pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the payment of the principal of, prepayment premium, if any, on and interest on such indebtedness of the Governmental Lender; and

WHEREAS, Bella Vista Affordable Communities, L.P., a California limited partnership (the "**Borrower**"), has requested that the Governmental Lender enter into this Funding Loan Agreement under which the Funding Lender will (i) advance funds (the "**Funding Loan**") to or for the account of the Governmental Lender, and (ii) apply the proceeds of the Funding Loan to make a loan (the "**Borrower Loan**") to the Borrower to finance the acquisition, rehabilitation and equipping of a 170 unit multifamily rental housing project located at 4742 Solola Avenue in the City of San Diego, County of San Diego, California, known as Bella Vista Apartments; and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender and the Borrower will enter into a Borrower Loan Agreement of even date herewith (as it may be supplemented or amended, the "**Borrower Loan Agreement**"), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount that, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Borrower Notes (as defined herein) and the obligations of the Borrower under the Borrower Notes will be secured by a lien on

and security interest in the Project (as defined herein) pursuant to a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (California), of even date herewith (the "**Security Instrument**"), made by the Borrower in favor of the Governmental Lender, as assigned to the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Funding Loan; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its Governmental Lender Notes (as defined herein), evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement, all things necessary to make the Funding Loan Agreement the valid, binding and legal limited obligation of the Governmental Lender, have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Notes, subject to the terms hereof, have in all respects been duly authorized.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Definitions. For all purposes of this Funding Loan Agreement, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Borrower Loan Agreement.

(b) The terms "herein, "hereof" and "hereunder" and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with the Approved Accounting Method. All references herein to "Approved Accounting Method" refer to such principles as they exist at the date of application thereof.

(e) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) References to the Series A Governmental Lender Note as "tax-exempt" or to the "tax-exempt status" of the Series A Governmental Lender Note are to the exclusion of interest on the Series A Governmental Lender Note (other than any portion of the Series A Governmental Lender Note held by a "substantial user" of the Project or a "related person" within the meaning of Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

(h) The following terms have the meanings set forth below:

"**Act**" means Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code.

"**Additional Borrower Payments**" shall have the meaning given such term in the Borrower Loan Agreement.

"**Affiliate**" means, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

"**Approved Transferee**" means (a) a "qualified institutional buyer" ("QIB") as defined in Rule 144A promulgated under the Securities Act that is a financial institution or commercial bank having capital and surplus of $5,000,000,000 or more, (b) an affiliate of the Funding Lender, or (c) a trust or custodial arrangement established by the Funding Lender or one of its affiliates the beneficial interests in which will be owned only by QIBs.

"**Authorized Amount**" means $_____, the maximum principal amount of the Funding Loan under this Funding Loan Agreement.

"**Authorized Governmental Lender Representative**" Chairman, Vice Chairman, or Executive Director of the Governmental Lender, Senior Vice President of Real Estate, Senior Director of Housing Finance and Program Development, or Chief Operating Officer of the Commission, or any person or persons designated to act on behalf of the Governmental Lender by a certificate filed with the Borrower, Funding Lender and Servicer, if any, containing the specimen signatures of such person or persons and signed on behalf of the Governmental Lender by its Chairman, Vice Chairman, or Executive Director of the Governmental Lender or Senior Vice President of Real Estate, Senior Director of Housing Finance and Program Development or Chief Operating Officer of the Commission.

"**Borrower**" means Bella Vista Affordable Communities, L.P., a California limited partnership.

"**Borrower Loan**" shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement in the aggregate principal amount of the Borrower Loan Amount, as evidenced by the Borrower Notes.

"**Borrower Loan Agreement**" shall mean the Borrower Loan Agreement, of even date herewith, between the Governmental Lender and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

"**Borrower Loan Agreement Default**" shall mean any event of default set forth in Section 8.1 of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall "exist" if a Borrower Loan Agreement Default shall have occurred and be continuing beyond any applicable cure period.

"**Borrower Loan Amount**" shall mean $_____, the maximum principal amount of the Borrower Loan under the Borrower Loan Agreement.

"**Borrower Loan Documents**" shall have the meaning given such term in the Borrower Loan Agreement.

"**Borrower Notes**" shall mean, collectively, the Series A Borrower Note and the Series B Borrower Note.

"**Business Day**" shall mean any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

"**Closing Costs**" has the meaning given to the term Costs of Funding in the Borrower Loan Agreement.

"**Closing Date**" shall mean August __, 2017, the date that initial Funding Loan proceeds are disbursed hereunder.

"**Code**" means the Internal Revenue Code of 1986 as in effect on the date of execution and delivery of the Governmental Lender Notes or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"**Commission**" shall mean the San Diego Housing Commission, a public agency.

"**Conversion**" has the meaning given to such term in the Borrower Loan Agreement.

"**Conversion Date**" shall have the meaning given such term in the Construction Funding Agreement.

"**Construction Funding Agreement**" means that certain Construction Funding Agreement of even date herewith, between the Funding Lender, as agent for the Governmental Lender, and Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender (or the Servicer on its behalf), as agent of the Governmental Lender, to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during rehabilitation, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

"**Contingency Draw-Down Agreement**" means the Contingency Draw-Down Agreement of even date herewith among the Fiscal Agent, the Funding Lender and the Borrower relating to possible conversion of the Funding Loan from a draw down loan to a fully funded loan.

"**Control**" shall mean, with respect to any Person, either (a) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (b) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

"**Default**" shall mean the occurrence of an event, which, under any Funding Loan Document, would, but for the giving of notice or passage of time, or both, be an event of default under the applicable Funding Loan Document or a Borrower Loan Agreement Default.

"**Draw-Down Notice**" shall mean a notice described in Section 1.01 of the Contingency Draw-Down Agreement regarding the conversion of the Funding Loan from a draw down loan to a fully funded loan.

"**Equity Investor**" shall mean AEGON USA Realty Advisors, LLC, an Iowa limited liability company.

"**Event of Default**" shall have the meaning ascribed thereto in Section 9.1 hereof.

"**Fair Market Value**" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the Regulations, the term "investment" will include a hedge.

"**Fiscal Agent**" shall mean U.S. Bank National Association, which entity is appointed pursuant to Section 11.1 to serve as Fiscal Agent under this Funding Loan Agreement, and any successor thereto pursuant to Section 11.10.

"**Fiscal Agent's Fees**" shall mean [TO COME FROM FISCAL AGENT].

"**Funding Lender**" shall mean Citibank N.A., a national banking association, and any successor under this Funding Loan Agreement and the Borrower Loan Documents.

"**Funding Loan Agreement**" shall mean this Funding Loan Agreement, by and among the Funding Lender, the Governmental Lender and the Fiscal Agent, as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

"**Funding Loan Documents**" shall mean (a) this Funding Loan Agreement, (b) the Borrower Loan Agreement, (c) the Regulatory Agreement, (d) the Tax Certificate, (e) the Borrower Loan Documents, (f) all other documents evidencing, securing, governing or otherwise pertaining to the Funding Loan, and (g) all amendments, modifications, renewals and substitutions of any of the foregoing.

"**Government Obligations**" shall mean noncallable, nonprepayable (a) direct, general obligations of the United States of America, or (b) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

"**Governmental Lender**" shall mean the Housing Authority of the City of San Diego.

"**Governmental Lender Notes**" shall mean, collectively, the Series A Governmental Lender Note and the Series B Governmental Lender Note; and a "Governmental Lender Note" shall mean one of such Governmental Lender Notes.

"**Highest Rating Category**" shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the highest rating category given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax-exempt municipal debt established by S&P is "A1+" for debt with a term of one year or less and "AAA" for a term greater than one year, with corresponding ratings by Moody's of "MIG1" (for fixed rate) or "VMIG1" (for variable rate) for three months or less and "Aaa" for greater than three months. If at any time (a) both S&P and Moody's rate a Permitted Investment and (b) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated "AAA" by S&P and "Aa3" by Moody's is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated "AAA" by S&P and "A1" by Moody's is not rated in the Highest Rating Category.

"**Maturity Date**" shall mean with respect to the Series A Governmental Lender Note February 1, 2050, and with respect to the Series B Governmental Lender Note, _____ 1, 20__.

"**Maximum Rate**" shall mean the lesser of (a) 12% per annum, and (b) the maximum interest rate that may be paid on the Funding Loan under State law.

"**Minimum Beneficial Ownership Amount**" shall mean an amount no less than fifteen percent (15%) of the outstanding principal amount of the Funding Loan.

"**Moody's**" shall mean Moody's Investors Service, Inc., or its successor.

"**Noteowner**" or "owner of the Governmental Lender Notes" means the owner, or as applicable, collectively the owners, of the Governmental Lender Notes as shown on the registration books maintained by the Funding Lender pursuant to Section 2.4(e).

"**Negative Arbitrage Deposit**" has the meaning set forth in the Contingency Draw-Down Agreement.

"**Ongoing Governmental Lender Fee**" shall mean the ongoing portion of the Governmental Lender Fee (as that term is defined in the Regulatory Agreement) that is payable after the Closing Date.

"**Opinion of Counsel**" shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender and the Governmental Lender with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Series A Governmental Lender Note from gross income for purposes of federal income taxation, such opinion shall be provided by Tax Counsel.

"**Permitted Investments**" shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement, but only to the extent that the same are acquired at Fair Market Value:

(a) Government Obligations.

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

(c) Obligations, in each case rated in the Highest Rating Category, of (i) any state or territory of the United States of America, (ii) any agency, instrumentality, authority or political subdivision of a state or territory or (iii) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision.

(d) Any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short-term obligations are rated in the Highest Rating Category.

(e) Commercial paper rated in the Highest Rating Category.

(f) Interest bearing negotiable certificates of deposit, interest bearing time deposits, interest bearing savings accounts and bankers' acceptances, issued by a Qualified Financial Institution if either (i) the Qualified Financial Institution's unsecured short term obligations are rated in the Highest Rating Category or (ii) such deposits, accounts or acceptances are fully collateralized by investments described in clauses (a) or (b) of this definition or fully insured by the Federal Deposit Insurance Corporation.

(g) An agreement held by the Fiscal Agent for the investment of moneys at a guaranteed rate with a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category or Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category or Second Highest Rating Category; provided that such agreement is in a form acceptable to the

Funding Lender and the Fiscal Agent; and provided further that such agreement includes the following restrictions:

(1) the invested funds will be available for withdrawal without penalty or premium, at any time that the Funding Lender is required to pay moneys from the Fund(s) established under this Funding Loan Agreement to which the agreement is applicable;

(2) the agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement, and ranks pari passu with all other unsecured unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;

(3) the Funding Lender and the Fiscal Agent receive an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

(4) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any rating agency or falls below the Second Highest Rating Category, the provider must, within ten days, either: (A) collateralize the agreement (if the agreement is not already collateralized) with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Fiscal Agent or a third party custodian, such collateralization to be effected in a manner and in an amount reasonably satisfactory to the Funding Lender, or, if the agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Fiscal Agent or a third party custodian, in an amount reasonably satisfactory to the Funding Lender, (B) at the request of the Funding Lender, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium unless required by law or (C) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long term obligations are then rated in the Highest Rating Category or Second Highest Rating Category. The agreement may provide that the down graded provider may elect which of the remedies to the down grade (other than the remedy set out in (B)) to perform.

Notwithstanding anything else in this paragraph (g) to the contrary and with respect only to any agreement described in this paragraph (g) or any guarantee or insurance for any such agreement which is to be in effect for any period after the Conversion Date, any reference in this paragraph to the "Second Highest Rating Category" will be deemed deleted so that the only acceptable rating category for such an agreement, guarantee or insurance will be the Highest Rating Category.

(h) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Funding Lender or the Fiscal Agent or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated "AAAm G" or "AAAm" by S&P or "Aaa" by Moody's so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by the Funding Lender, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). The money market mutual fund must be rated "AAAm G" or "AAAm" by S&P, or "Aaa" by Moody's. If at any time (i) both S&P and Moody's rate a money market mutual fund and (ii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency.

(i) Any other investment authorized by the laws of the State, if such investment is approved in writing by the Funding Lender.

Permitted Investments shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment with a final maturity or any agreement with a term greater than one year from the date of the investment. This exception (1) shall not apply to Permitted Investments listed in paragraphs (g) and (i).

(2) Except for any obligation described in paragraph (a) or (b), any obligation with a purchase price greater or less than the par value of such obligation.

(3) Any asset backed security, including mortgage backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset backed securities and auto loan asset backed securities.

(4) Any interest only or principal only stripped security.

(5) Any obligation bearing interest at an inverse floating rate.

(6) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(7) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

(8) Any investment described in paragraph (d) or (g) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment.

(9) Any investment to which S&P has added an "r" or "t" highlighter.

"**Person**" shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"**Pledged Revenues**" shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, prepayment premium, if any, and interest on the Funding Loan and the Governmental Lender Notes, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Governmental Lender is entitled (other than amounts received by the Governmental Lender with respect to the Unassigned Rights) derived from or in connection with the Project and the Funding Loan Documents, including all Borrower Loan Payments due under the Borrower Loan Agreement and the Borrower Notes, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon.

"**Prepayment Premium**" shall mean (i) any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Notes (including any Prepayment Premium as set forth in the Borrower Notes) and (ii) any premium payable on the Governmental Lender Notes pursuant to this Funding Loan Agreement.

"**Project**" shall have the meaning given to that term in the Borrower Loan Agreement.

"**Qualified Financial Institution**" shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, savings and loan association, or insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (vi) securities dealer approved in writing by the Funding Lender the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) other entity which is acceptable to the Funding Lender. With respect to an entity which provides an agreement held by the Funding Lender for the investment of moneys at a guaranteed rate as set out in paragraph (g) of the definition of the term "Permitted Investments" or an entity which guarantees or insures, as applicable, the agreement, a "Qualified Financial Institution" may also be a corporation or limited liability company organized under the laws of any state of the United States of America.

"**Qualified Project Costs**" shall have the meaning given to that term in the Regulatory Agreement.

"**Regulations**" shall mean with respect to the Code, the relevant U.S. Treasury regulations and proposed regulations thereunder or any relevant successor provision to such regulations and proposed regulations.

"**Regulatory Agreement**" shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date hereof, among the Governmental Lender, the Fiscal Agent and the Borrower, as hereafter amended or modified.

"**Remaining Funding Loan Proceeds Account**" has the meaning set forth in the Contingency Draw-Down Agreement.

"**Remaining Funding Loan Proceeds Account Earnings Subaccount**" has the meaning set forth in the Contingency Draw-Down Agreement.

"**Required Transferee Representations**" shall mean the representations in substantially the form attached to this Funding Loan Agreement as Exhibit B.

"**Resolution**" shall mean the resolution of the Governmental Lender authorizing the Funding Loan and the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party.

"**Second Highest Rating Category**" shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax-exempt municipal debt established by S&P is "AA" for a term greater than one year, with corresponding ratings by Moody's of "Aa." If at any time (a) both S&P and Moody's rate a Permitted Investment and (b) one of those ratings is below the Second Highest Rating Category, then such Permitted Investment will not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated "AA" by S&P and "A" by Moody's is not rated in the Second Highest Rating Category.

"**Securities Act**" shall mean the Securities Act of 1933, as amended.

"**Security**" shall have the meaning assigned to it in Section 4.1.

"**Security Instrument**" shall mean the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (California) (as amended, restated and/or supplemented from time to time) of even date herewith, made by the Borrower in favor of the Governmental Lender, as assigned to the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Funding Loan.

"**Series A Borrower Note**" shall mean that certain Multifamily Note, dated the Closing Date, in the original maximum principal amount of $_____, made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series A Governmental Lender Note, as endorsed and assigned by the Governmental Lender without recourse to the Funding Lender, as executed by the Borrower on the Closing Date, and as it may thereafter be amended or supplemented from time to time.

"**Series A Governmental Lender Note**" shall mean that certain Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Bella Vista Apartments) 2017 Series A, dated the Closing Date, in the original maximum principal amount of $_____, made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

"**Series B Borrower Note**" shall mean that certain Multifamily Note, dated the Closing Date, in the original maximum principal amount of $_____, made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series B Governmental Lender Note, as endorsed and assigned by the Governmental Lender without recourse to the Funding Lender, as executed by the Borrower on the Closing Date, and as it may thereafter be amended or supplemented from time to time.

"**Series B Governmental Lender Note**" shall mean that certain Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Bella Vista Apartments) 2017 Taxable Series B, dated the Closing Date, in the original maximum principal amount of $_____, made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

"**Servicer**" shall mean any Servicer appointed by the Funding Lender to perform certain servicing functions with respect to the Funding Loan and on the Borrower Loan pursuant to a separate servicing agreement to be entered into between the Funding Lender and the Servicer. Initially the Servicer shall be the Funding Lender pursuant to this Funding Loan Agreement.

"**Servicing Agreement**" shall mean any servicing agreement entered into between the Funding Lender and a Servicer with respect to the servicing of the Funding Loan and/or the Borrower Loan.

"**S&P**" shall mean Standard & Poor's Ratings Services, a division of McGraw Hill Financial, Inc., or its successors.

"**State**" shall mean the State of California.

"**Tax Certificate**" shall mean the Tax Certificate, dated the Closing Date, executed and delivered by the Governmental Lender and the Borrower.

"**Tax Counsel**" shall mean (a) Stradling Yocca Carlson & Rauth, a Professional Corporation,, or (b) any other attorney or firm of attorneys designated by the Governmental Lender and approved by the Funding Lender having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

"**Tax Counsel Approving Opinion**" shall mean an opinion of Tax Counsel substantially to the effect that the Governmental Lender Notes constitutes a valid and binding obligation of the Governmental Lender and that, under existing statutes, regulations published rulings and judicial decisions, the interest on the Series A Governmental Lender Note is excludable from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"**Tax Counsel No Adverse Effect Opinion**" shall mean an opinion of Tax Counsel to the effect that the taking of the action specified therein will not impair the exclusion of interest on the Series A Governmental Lender Note from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"**UCC**" shall mean the Uniform Commercial Code as in effect in the State.

"**Unassigned Rights**" shall mean the Governmental Lender's rights to (a) reimbursement and payment of its fees, costs and expenses and the Rebate Amount under Section 2.5 of the Borrower Loan Agreement and Section 4A(a) of the Regulatory Agreement, (b) access to the Project under Section 5.17 of the Borrower Loan Agreement, (c) indemnification under Section 5.15 of the Borrower Loan Agreement and Section 7 of the Regulatory Agreement, (d) attorneys' fees under Sections 5.11, 5.14 and 10.05 of the Borrower Loan Agreement and Section 17 of the Regulatory Agreement, (e) receive notices, reports and other statements and its rights to consent to certain matters, including but not limited to its right to consent to amendments to this Funding Loan Agreement, the Borrower Loan Agreement and the Regulatory Agreement, and otherwise as provided in this Funding Loan Agreement and the Borrower Loan Agreement, (f) seek performance by the Borrower of its obligations under the Regulatory Agreement, and (g) seek performance of, and enforce, various tax covenants as described in Section 2.2(b)(i) of the Borrower Loan Agreement, including but not limited to those in Sections 5.34 and 5.35 of the Borrower Loan Agreement.

"**Written Certificate**," "**Written Certification**," "**Written Consent**," "**Written Direction**," "**Written Notice**," "**Written Order**," "**Written Registration**," "**Written Request**," and "**Written Requisition**" shall mean a written certificate, direction, notice, order or requisition signed by an Authorized Borrower Representative, an Authorized Governmental Lender Representative or an authorized representative of the Funding Lender and delivered to the Funding Lender, the Servicer or such other Person as required under the Funding Loan Documents.

"**Yield**" shall mean yield as defined in Section 148(h) of the Code and any regulations promulgated thereunder.

Section 1.2 Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.3 Date of Funding Loan Agreement. The date of this Funding Loan Agreement is intended as and for a date for the convenient identification of this Funding Loan Agreement and is not intended to indicate that this Funding Loan Agreement was executed and delivered on said date.

Section 1.4 Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the city where the Funding Lender maintains its place of business for the performance of its obligations under this Funding Loan Agreement.

Section 1.5 Interpretation. The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto.

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTES

Section 2.1 Terms.

(a) ***Principal Amount***. The total principal amount of the Funding Loan is hereby expressly limited to the Authorized Amount.

(b) ***Draw-Down Funding***. The Funding Loan is originated on a draw-down basis. The proceeds of the Funding Loan shall be advanced by the Funding Lender to the Fiscal Agent for deposit by the Fiscal Agent to the Project Fund for the account of the Governmental Lender as and when needed to make each advance in accordance with the disbursement provisions of the Borrower Loan Agreement and the Construction Funding Agreement. Upon each advance of principal under the Borrower Loan Agreement and the Construction Funding Agreement, a like amount of the Funding Loan shall be deemed concurrently and simultaneously advanced under this Funding Loan Agreement, including the initial advance of $[INITIAL DRAW]. Subject to the terms and conditions of the Borrower Loan Agreement, the Funding Lender agrees to advance, on behalf of the Governmental Lender, to the Fiscal Agent for deposit by the Fiscal Agent to the Project Fund at least $_____ on the Closing Date, and the Funding Lender agrees to correspondingly and simultaneously advance this amount for the account of the Governmental Lender under this Funding Loan Agreement as an advance on the Funding Loan. Borrower Loan advances and Funding Loan advances shall be allocated first to the Series A Borrower Note and the related Series A Governmental Lender Note and, once the foregoing notes have been fully funded, then to the Series B Borrower Note and the related Series B Governmental Lender Note. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Funding Loan may be drawn down and funded hereunder after [August __, 2020]; provided, however, that upon the delivery of a Tax Counsel No Adverse Effect Opinion to the Governmental Lender and the Funding Lender such date may be changed to a later date as specified in such Tax Counsel No Adverse Effect Opinion.

The Governmental Lender consents to the terms of the Contingency Draw-Down Agreement and agrees to take all actions requested in writing by the Funding Lender or the Borrower that are reasonably required of the Governmental Lender, in connection with the conversion of the Funding Loan to a fully drawn loan pursuant to the provisions of the Contingency Draw-Down Agreement in the event a Draw-Down Notice is filed by the Funding Lender or the Borrower, all at the expense of the Borrower. The Funding Lender authorizes and directs the Fiscal Agent to enter into the Contingency Draw-Down Agreement.

(c) ***Origination Date; Maturity***. The Funding Loan shall be originated on the Closing Date and shall mature on the corresponding Maturity Date at which time the entire principal amount of the portion of the Funding Loan evidenced by the applicable Governmental Note, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable.

(d) ***Principal***. The outstanding principal amount of each Governmental Lender Note and of the Funding Loan as of any given date shall be the total amount advanced to the Fiscal Agent by the Funding Lender to or for the account of the Governmental Lender to fund corresponding advances with respect to the corresponding Borrower Note under the Borrower Loan Agreement and the Construction Funding Agreement as proceeds of the Borrower Loan, less any payments of

principal of the Governmental Lender Note previously received upon payment of corresponding principal amounts under the corresponding Borrower Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of each Governmental Lender Note and interest thereon shall be payable on the basis specified in this paragraph (d) and in paragraphs (e) and (f) of this Section 2.1.

The Fiscal Agent shall keep a record of all principal advances and principal repayments made under each Governmental Lender Note and shall upon written request provide the Governmental Lender with a statement of the outstanding principal balance of each Governmental Lender Note and the Funding Loan.

(e) ***Interest***. Interest shall be paid on the outstanding principal amount of each Governmental Lender Note at the rate or rates set forth in the corresponding Borrower Note and otherwise as set forth in the Borrower Loan Agreement.

(f) ***Corresponding Payments***. The payment or prepayment of principal, interest and premium, if any, due on the Funding Loan and each Governmental Lender Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, premiums, late payment fees and other amounts due on the corresponding Borrower Note. The Series A Governmental Lender Note shall be payable from payments on the corresponding Series A Borrower Note, and the Series B Governmental Lender Note shall be payable from payments on the related Series B Borrower Note. Any payment or prepayment made by the Borrower of principal, interest, Premium, if any, due on a Borrower Note shall be deemed to be like payments or prepayments of principal, interest and Premium, if any, due on the Funding Loan and the corresponding Governmental Lender Note.

(g) ***Usury***. The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Lender Notes and all agreements made in the Governmental Lender Notes, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Governmental Lender Notes, this Funding Loan Agreement and all other Funding Loan Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Borrower Loan Agreement and other Funding Loan Documents will be paid according to the agreed terms, and (ii) any sums of money

that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Funding Loan.

Section 2.2 Form of Governmental Lender Notes. As evidence of its obligation to repay the Funding Loan, simultaneously with the delivery of this Funding Loan Agreement to the Funding Lender, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Notes. The Governmental Lender Notes shall be substantially in the respective forms set forth in Exhibit A attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement.

In connection with Conversion, the Funding Lender shall have the right to exchange the then existing Series A Governmental Lender Note on or after the Conversion Date for a new Series A Governmental Lender Note with a dated date of the Conversion Date and in a stated principal amount equal to the then outstanding principal amount of the Series A Governmental Lender Note, which amount will equal the Permanent Period Amount (as defined in the Borrower Loan Agreement) of the Borrower Loan, but shall not otherwise change any material terms of the Series A Governmental Lender Note.

Section 2.3 Execution and Delivery of Governmental Lender Notes. The Governmental Lender Notes shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of the Authorized Governmental Lender Representative and attested by the manual or facsimile signature of its Secretary or Deputy Secretary of Housing Authority of the City of San Diego. The manual or facsimile signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the execution and delivery of the Governmental Lender Notes or shall not have held such offices at the date of the Governmental Lender Notes.

Section 2.4 Required Transferee Representations; Participations; Sale and Assignment.

(a) The Funding Lender shall deliver to the Governmental Lender and the Fiscal Agent the Required Transferee Representations in substantially the form attached hereto as Exhibit B on the Closing Date.

(b) The Funding Lender shall have the right to sell (i) the Governmental Lender Notes and the Funding Loan or (ii) any portion of or a participation interest in the Governmental Lender Notes and the Funding Loan, to the extent permitted by clause (c) below, provided that such sale shall be only to Approved Transferees that execute and deliver to the Funding Lender, with a copy to the Governmental Lender and the Fiscal Agent, the Required Transferee Representations.

(c) Notwithstanding the other provisions of this Section 2.4, no beneficial ownership interest in the Governmental Lender Notes and Funding Loan shall be sold in an amount that is less than the Minimum Beneficial Ownership Amount.

(d) No service charge shall be made for any sale or assignment of any portion of the Governmental Lender Note, but the Governmental Lender may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such sale

or assignment. Such sums shall be paid in every instance by the purchaser or assignee of the Funding Loan or portion thereof.

(e) The Governmental Lender Notes, or any interest therein, shall be in fully registered form transferable to subsequent owners only on the registration books which shall be maintained by the Funding Lender for such purpose and which shall be open to inspection by the Governmental Lender. The Governmental Lender Notes shall not be transferred through the services of the Depository Trust Company or any other third party registrar.

The Fiscal Agent acknowledges that the Funding Lender is the initial registered owner of the Governmental Lender Notes and shall remain the sole registered owner of the Governmental Lender Note except as provided herein. The Funding Lender shall provide written notice to the Fiscal Agent of any transfer by the Funding Lender of the Governmental Lender Notes or any interest of the Funding Lender in the Governmental Lender Notes.

(f) The parties agree that no rating shall be sought from a rating agency with respect to the Funding Loan or the Governmental Lender Notes.

ARTICLE III

PREPAYMENT

Section 3.1 Prepayment of the Governmental Lender Notes from Prepayment under the Borrower Notes. The Governmental Lender Notes are subject to voluntary and mandatory prepayment as follows:

(a) Each Governmental Lender Note shall be subject to voluntary prepayment in full or in part by the Governmental Lender, from funds received by the Fiscal Agent from the Borrower under the Borrower Loan Agreement to the extent and in the manner and on any date that the related Borrower Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the Borrower Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Borrower Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement through the date of prepayment.

Except as specifically permitted in the Borrower Notes, the Borrower shall not have the right to voluntarily prepay all or any portion of the Borrower Notes, thereby causing the related Governmental Lender Note to be prepaid, without the prior written consent of Funding Lender, which may be withheld in Funding Lender's sole and absolute discretion.

(b) Each Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the related Borrower Note at the direction of the Funding Lender in accordance with the terms of the related Borrower Note at a prepayment price equal to the outstanding principal balance of the related Borrower Note prepaid, plus accrued interest plus any other amounts payable under the related Borrower Note or the Borrower Loan Agreement.

Section 3.2 Notice of Prepayment. Notice of prepayment of a Governmental Lender Note shall be deemed given to the extent that notice of prepayment of the related Borrower Note is

timely and properly given to the Funding Lender (with a copy to the Governmental Lender) in accordance with the terms of the related Borrower Note and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Note is required to be given.

ARTICLE IV

SECURITY

Section 4.1 Security for the Funding Loan. To secure the payment of the Funding Loan and each Governmental Lender Note, to declare the terms and conditions on which the Funding Loan and each Governmental Lender Note are secured, and in consideration of the premises and of the funding of the Funding Loan by the Funding Lender, the Governmental Lender by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Funding Lender (except as limited herein), a lien on and security interest in the following described property (excepting, however, in each case, the Unassigned Rights) (said property, rights and privileges being herein collectively called, the "**Security**"):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the Borrower Notes, including, without limitation, all rents, revenues and receipts derived by the Governmental Lender from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Borrower Loan Payments and Additional Borrower Payments derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement; provided that the pledge and assignment made under this Funding Loan Agreement shall not impair or diminish the obligations of the Governmental Lender under the provisions of the Borrower Loan Agreement;

(b) All right, title and interest of the Governmental Lender in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Documents, and all other payments, revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Funding Loan Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held under this Funding Loan Agreement and any amounts held at any time in the Remaining Funding Loan Proceeds Account and the Remaining Funding Loan Proceeds Account Earnings Subaccount, any Negative Arbitrage Deposit and any other amounts held under the Contingency Draw-Down Agreement, subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Funding Loan Agreement as additional security by the Governmental Lender or anyone on its part or with its consent, or which pursuant to any of the provisions hereof or of the Borrower Loan Agreement may come into the possession or control of the Fiscal Agent, the Funding Lender or a receiver appointed pursuant to this Funding Loan Agreement; and the Funding Lender and the Fiscal Agent are hereby authorized to receive any and all such property as and for additional security for the Funding

Loan and each Governmental Lender Note and to hold and apply all such property subject to the terms hereof.

The pledge and assignment of and the security interest granted in the Security pursuant to this Section 4.1 for the payment of the principal of, premium, if any, and interest on each Governmental Lender Note, in accordance with its terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Governmental Lender Notes by the Governmental Lender. The Security so pledged and then or thereafter received by the Governmental Lender, Fiscal Agent or the Funding Lender shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

Section 4.2 Delivery of Security. To provide security for the payment of the Funding Loan and each Governmental Lender Note, the Governmental Lender has pledged and assigned to secure payment of the Funding Loan and the Governmental Lender Notes its right, title and interest in the Security to the Funding Lender. In connection with such pledge, assignment, transfer and conveyance, there shall be delivered to the Funding Lender, by or at the expense of the Borrower, the following documents or instruments promptly following their execution and, to the extent applicable, their recording or filing:

(a) Each Borrower Note endorsed without recourse to the Funding Lender by the Governmental Lender;

(b) The originally executed Borrower Loan Agreement and Regulatory Agreement;

(c) The originally executed Security Instrument and all other Borrower Loan Documents existing at the time of delivery of the Borrower Notes and an assignment for security of the Security Instrument from the Governmental Lender to the Funding Lender, in recordable form;

(d) Uniform Commercial Code financing statements or other chattel security documents giving notice of the Funding Lender's status as an assignee of the Governmental Lender's security interest in any personal property forming part of the Project, in form suitable for filing; and

(e) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement.

There shall be delivered and deposited with the Funding Lender such additional documents, financing statements, and instruments as the Funding Lender may reasonably require from time to time for the better perfecting and assuring to the Funding Lender of its lien and security interest in and to the Security including, at the request of the Funding Lender, any amounts held under the Contingency Draw-Down Agreement, in each case at the expense of the Borrower.

ARTICLE V

LIMITED LIABILITY

Section 5.1 Source of Payment of Funding Loan and Other Obligations. The Funding Loan is a limited obligation of the Governmental Lender, payable solely from the Pledged Revenues and other funds and moneys and Security pledged and assigned hereunder. None of the Governmental Lender (except as provided in the first sentence of this Section 5.1), the City of San Diego, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein), shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and none of the Funding Loan, or the Governmental Lender Notes or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan, the Governmental Lender Notes, or hereunder or under any of the other Funding Loan Documents, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Governmental Lender has no taxing power.

Section 5.2 Exempt from Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board of Commissioners, officer, director, employee or agent of the Governmental Lender in his individual capacity, and none of the members of the Board of Commissioners, the officers, directors, employees or agents of the Governmental Lender executing the Governmental Lender Notes or this Funding Loan Agreement shall be liable personally on the Governmental Lender Notes or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Note or the execution of this Funding Loan Agreement or any of the Funding Loan Documents.

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1 Conditions Precedent to Closing. Closing of the Funding Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Funding Lender in its sole discretion of each of the conditions precedent to closing set forth in this Funding Loan Agreement, including but not limited to the following:

(a) Receipt by the Funding Lender of the original Governmental Lender Notes;

(b) Receipt by the Funding Lender of the original executed Borrower Notes, endorsed without recourse to the Funding Lender by the Governmental Lender;

(c) Receipt by the Funding Lender of executed counterpart copies of this Funding Loan Agreement, the Borrower Loan Agreement, the Construction Funding Agreement, the Regulatory Agreement, the Tax Certificate and the Security Instrument;

(d) Receipt by the Funding Lender of a certified copy of the Resolution;

(e) Executed Required Transferee Representations from the Funding Lender;

(f) Delivery into escrow of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit, in accordance with Section 2.3(c)(ii) of the Borrower Loan Agreement;

(g) Receipt by the Funding Lender of a Tax Counsel Approving Opinion;

(h) Receipt by the Funding Lender of an Opinion of Counsel from Tax Counsel to the effect that the Governmental Lender Notes are exempt from registration under the Securities Act of 1933, as amended, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(i) Delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender to the effect that the Borrower Loan Documents and the Regulatory Agreement are valid and binding obligations of the Borrower that are enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender; and

(j) Receipt by the Funding Lender of any other documents or opinions that the Funding Lender or Tax Counsel may require.

ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.1 Authorization to Create Funds and Accounts. Except as provided in Section 7.3 hereof, no funds or accounts shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Funding Lender, the Fiscal Agent and the Servicer, if any, and any designee of the Funding Lender or the Servicer, are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Fiscal Agent, the Funding Lender or the Servicer pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

Section 7.2 Investment of Funds. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be invested by the Fiscal Agent, the Funding Lender, the Servicer or the designee of the Funding Lender or Servicer, as applicable, in Permitted Investments at the written direction of the Borrower, subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificate. The Borrower's instruction shall be sufficient evidence that the investment constitutes a Permitted Investment. In the absence of any such instruction, monies shall be held uninvested. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in such fund or account. For purposes of acquiring any investments hereunder, the Fiscal Agent may commingle funds held by it hereunder, except as provided in Section 7.8(h) hereof with respect to the Rebate

Fund. The Fiscal Agent shall incur no liability for losses arising from any investments made pursuant to this Section.

The Fiscal Agent shall furnish the Borrower and Funding Lender periodic cash transaction statements that include detail for all investment transactions effected by the Fiscal Agent or brokers selected by the Borrower. Upon the Borrower's or Funding Lender's election, such statements will be delivered via the Fiscal Agent's online service, and upon electing such service, paper statements will be provided only upon request. The Borrower waives the right to receive brokerage confirmations of security transactions effected by the Fiscal Agent as they occur, to the extent permitted by law. The Borrower further understands that trade confirmations for securities transactions effected by the Fiscal Agent will be available upon request and at no additional cost, and other trade confirmations may be obtained from the applicable broker.

Section 7.3 Establishment of Funds. There are established with the Fiscal Agent the following funds and accounts:

(a) The Funding Loan Payment Fund;

(b) The Project Fund (consisting solely of a Note Proceeds Account and an Equity Account);

(c) The Expense Fund;

(d) The Closing Costs Fund; and

(e) The Rebate Fund (to be established by the Fiscal Agent once the Fiscal Agent is required to deposit or transfer, as applicable, amounts to the Rebate Fund in accordance with Section 7.8(a)).

All money required to be deposited with or paid to the Fiscal Agent for the account of any of the funds or accounts created by this Funding Loan Agreement shall be held by the Fiscal Agent for the benefit of the Funding Lender, and except for money held in the Expense Fund or the Rebate Fund, shall, while held by the Fiscal Agent, constitute part of the Pledged Revenues and be subject to the lien hereof.

Section 7.4 Funding Loan Payment Fund. The Governmental Lender and the Borrower shall have no interest in the Funding Loan Payment Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

The Fiscal Agent shall deposit into the Funding Loan Payment Fund any amounts received from or on behalf of the Borrower as payments of principal of or premium and interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any Pledged Revenues not required to be deposited to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

The Fiscal Agent shall apply all amounts on deposit in the Funding Loan Payment Fund in the following order of priority:

First, to pay or provide for the payment of the interest then due on the Funding Loan to the Funding Lender or any transferee of the Funding Lender with respect to the Funding Loan;

Second, to pay or provide for the payment or the prepayment (together with any Prepayment Premium payable in connection with such prepayment) of principal on the Funding Loan to the Funding Lender or any transferee of the Funding Lender with respect to the Funding Loan, provided moneys have been transferred or deposited into the Funding Loan Payment Fund for such purpose; and

Third, to pay or provide for the payment of the Funding Loan on the Maturity Date to the Funding Lender or any transferee of the Funding Lender with respect to the Funding Loan.

Section 7.5 Expense Fund. The Fiscal Agent shall deposit into the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent on behalf of the Borrower. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender and the Fiscal Agent, as and when the same become due. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) the Ongoing Governmental Lender Fee to the Governmental Lender as and when due, (ii) the Fiscal Agent's Fees to the Fiscal Agent when due, (iii) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent which have not been paid, other than amounts paid in accordance with clause (ii) hereof, and (iv) upon receipt, to, or at the direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (i) hereof.

In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency.

Written notice of any insufficiency, which would result in the Governmental Lender not receiving the Ongoing Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Funding Lender) within 10 days of the respective due date.

Upon payment by the Borrower to the Fiscal Agent of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent.

Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower for payment of the Ongoing Governmental Lender Fee not later than 30 days prior to the due date for payment of such the Ongoing Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

Section 7.6 Closing Costs Fund. Amounts in the Closing Costs Fund shall be disbursed by the Fiscal Agent to pay Closing Costs on the Closing Date or as soon as practicable thereafter as

follows: moneys on deposit in the Closing Costs Fund shall be applied to pay Closing Costs at the written direction of the Authorized Borrower Representative, consented to by the Funding Lender and the Governmental Lender, in the form attached hereto as Exhibit D. Any interest earnings on amounts on deposit in the Closing Costs Fund shall remain in the Fund. Any moneys remaining in the Closing Costs Fund (including investment proceeds) after the earlier of (i) the payment of all costs of issuance as certified in writing to the Fiscal Agent by the Borrower or (ii) a period of six (6) months after the Closing Date, shall be paid to or at the direction of the Borrower and the Closing Costs Fund shall be closed.

Section 7.7 Project Fund.

(a) The proceeds of the Funding Loan shall be deposited by the Fiscal Agent to the Note Proceeds Account of the Project Fund. All proceeds of the Borrower Deferred Equity, as well as any additional amounts delivered from time to time to the Fiscal Agent by or on behalf of the Borrower (excluding any proceeds of the Funding Loan) shall be deposited to the Equity Account of the Project Fund. The Fiscal Agent shall disburse moneys in the Project Fund for the acquisition, rehabilitation, development and equipping of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein.

Not less than 97% of the moneys deposited in and credited to the Note Proceeds Account of the Project Fund, and taking into account proceeds of the Funding Loan (if any) deposited in the Closing Costs Fund, representing the proceeds of the Funding Loan, including Investment Income thereon, will be expended for Qualified Project Costs (the "97% Requirement"). No more than 2% of the amounts deposited to the Note Proceeds Account of the Project Fund shall be applied to the payment of Closing Costs.

Before any payment shall be made from the Note Proceeds Account of the Project Fund, the Regulatory Agreement shall have been executed and submitted to a title company for recordation in the official records of the County of San Diego.

Before any payment shall be made from the Note Proceeds Account of the Project Fund following the payment to be made on the Closing Date pursuant to the preceding sentence, there shall be filed with the Fiscal Agent a Written Requisition of the Borrower substantially in the form attached hereto as Exhibit C and consented to by the Funding Lender pursuant to the terms, conditions and provisions of the Construction Funding Agreement, with a copy to the Governmental Lender.

(b) Upon receipt of each Written Requisition submitted by the Borrower and approved in writing by the Funding Lender, the Fiscal Agent shall promptly, but in any case within two Business Days, make payment from the appropriate account within the Project Fund in accordance with such Written Requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents, constitutes payment of Qualified Project Costs or complies with the 97% Requirement. The approval in writing of a Written Requisition by the Funding Lender shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Funding Loan Documents applicable to such disbursement have been fully satisfied or waived and the Written Requisition from the Borrower shall, insofar as the Fiscal Agent and the Governmental Lender are concerned, constitute conclusive evidence that the costs described in the Written Requisition

constitute Qualified Project Costs or other permitted Project costs. These documents shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to inspect the Project or the construction work or to make any independent investigation with respect to the matters set forth in any Written Requisition or other statements, orders, certifications and approvals received by the Fiscal Agent. The Fiscal Agent is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, rehabilitation, development and equipping of the Project.

Notwithstanding anything to the contrary contained herein, only the signature of an authorized officer of the Funding Lender shall be required on a Written Requisition during any period in which a default by the Borrower has occurred and is then continuing under the Borrower Loan (notice of which default has been given in writing by an authorized officer of the Funding Lender to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default). Furthermore, the Fiscal Agent shall disburse amounts in the Project Fund upon receipt of a Written Requisition signed only by the Funding Lender (and without any need for any signature by an Authorized Borrower Representative) so long as the amount to be disbursed is to be used solely to make payments of principal, interest and/or fees due under the Funding Loan Documents.

The Fiscal Agent shall immediately provide Written Notice to the Borrower, the Funding Lender and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the payments as and when required by this Section 7.7(b). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by wire transfer in accordance with the payment instructions set forth in the Written Requisition. The Fiscal Agent shall conclusively rely on the payment instructions provided in any Written Requisition or invoices provided in connection therewith, and the Fiscal Agent shall have no duty to authenticate or investigate such payment instructions or the authority under which they were given. Upon the occurrence of an Event of Default of the Borrower of which the Fiscal Agent has knowledge as provided herein, which is continuing under the Funding Loan Documents, with the Written Consent of the Funding Lender, the Fiscal Agent may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Funding Loan.

(c) Immediately prior to any mandatory prepayment of the Funding Loan pursuant to hereto, any amounts then remaining in the Project Fund shall, at the written direction of the Funding Lender, be transferred to the Funding Loan Payment Fund to be applied to the prepayment of the Funding Loan pursuant hereto.

(d) Amounts on deposit in the Project Fund, other than the deposit to the Note Proceeds Account on the Closing Date (which will be promptly disbursed therefrom pursuant to Section 7.7(a) above) which shall be held uninvested until disbursed, shall be invested in Permitted Investments directed in writing by the Borrower. Investment Income earned on amounts on deposit in each account of the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Project Fund. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

Section 7.8 Rebate Fund.

(a) The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(b) Within 15 days after each receipt or transfer of funds to the Rebate Fund, the Fiscal Agent shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund.

(c) All payments to the United States of America pursuant to this Section shall be made by the Fiscal Agent for the account and in the name of the Governmental Lender and shall be paid through the United States Mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Fiscal Agent by the Borrower or the Rebate Analyst).

(d) The Fiscal Agent shall preserve all statements, forms and explanations received from the Borrower and delivered to the Fiscal Agent and all records of transactions in the Rebate Fund until six years after the retirement of the Governmental Lender Notes.

(e) The Fiscal Agent may conclusively rely on the instructions of the Borrower (based upon the report of the Rebate Analyst) with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the Borrower or the Rebate Analyst to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided in Subsection (b) above, the Fiscal Agent shall have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's specific written instruction related thereto.

(f) If at any time during the term of this Funding Loan Agreement the Governmental Lender, the Fiscal Agent or the Borrower desires to take any action that would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide to the other persons named herein, a Tax Counsel No Adverse Effect Opinion and an opinion of Tax Counsel that such action shall be in compliance with the laws of the State and the terms of this Funding Loan Agreement.

(g) Moneys and securities held by the Fiscal Agent in the Rebate Fund shall not be deemed funds of the Governmental Lender and are not pledged or otherwise subject to any security interest in favor of the Owners to secure the Governmental Lender Notes or any other obligations.

(h) Moneys in the Rebate Fund may be separately invested and reinvested by the Fiscal Agent, at the request of and as directed in writing by the Borrower, in Permitted Investments, subject to the Code. The Fiscal Agent shall sell and reduce to cash a sufficient amount of such Permitted Investments, as directed in writing by the Borrower, whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(i) Notwithstanding anything to the contrary in this Funding Loan Agreement, no payment shall be made by the Fiscal Agent to the United States if the Borrower shall furnish to the Governmental Lender and the Fiscal Agent, an opinion of Tax Counsel to the effect that such

payment is not required under Section 148(d) and (f) of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series A Governmental Lender Note. In such event the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide a Tax Counsel No Adverse Effect Opinion to the Governmental Lender and the Fiscal Agent with respect to such withdrawal.

(j) The Fiscal Agent shall keep and make available to the Governmental Lender and the Borrower records concerning the investments of all funds held by the Fiscal Agent pursuant to the Funding Loan Agreement including date bought and sold, price and commission paid, and bids taken, if any, and shall keep all such records until six years after the date on which the Series A Governmental Lender Note is no longer Outstanding in order to enable the Borrower to make the computations required under Section 148(f) of the Code.

(k) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 7.8 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a Tax Counsel No Adverse Effect Opinion, a copy of which shall be provided to the Fiscal Agent and the Governmental Lender.

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1 General Representations. The Governmental Lender makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Governmental Lender is a public body corporate and politic, organized and existing under the laws of the State, has the power and authority to (i) enter into the Funding Loan Documents to which it is a party and the transactions contemplated thereby, (ii) incur the limited obligation represented by the Governmental Lender Notes and the Funding Loan, and apply the proceeds of such obligation or loan to finance the Project, and (iii) carry out its other obligations under this Funding Loan Agreement and the Governmental Lender Notes, and by proper action has duly authorized the Governmental Lender's execution and delivery of, and its performance under, the Funding Loan Documents to which it is a party.

(b) The Governmental Lender is not in default under or in violation of, and the execution and delivery of the Funding Loan Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (i) the Act, (ii) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (iii) to its knowledge, the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into the Funding Loan Agreement, executing and delivering the Governmental Lender Notes, financing the Project, executing and delivering the other Funding Loan Documents to which it is a party or consummating the transactions on its part contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Governmental

Lender is making no representations as to the necessity of registering the Governmental Lender Notes or the Borrower Notes pursuant to any securities laws or complying with any other requirements of securities laws).

(c) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending with respect to which the Governmental Lender has been served with process or, to the knowledge of the Governmental Lender, is threatened against the Governmental Lender with respect to (i) the organization and existence of the Governmental Lender, (ii) its authority to execute or deliver the Funding Loan Documents to which it is a party, (iii) the validity or enforceability of any such Funding Loan Documents or the transactions contemplated thereby, (iv) the title of any officer of the Governmental Lender who executed such Funding Loan Documents or (v) any authority or proceedings relating to the execution and delivery of such Funding Loan Documents on behalf of the Governmental Lender, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(d) The revenues and receipts to be derived from the Borrower Loan Agreement, the Borrower Notes and this Funding Loan Agreement have not been pledged previously by the Governmental Lender to secure any of its notes or bonds other than the Funding Loan Agreement as evidenced by the Governmental Lender Notes.

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE FUNDING LOAN OR THE BORROWER LOAN, OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

Section 8.2 No Encumbrance on Security. The Governmental Lender will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on a parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

Section 8.3 Repayment of Funding Loan. Subject to the provisions of Articles III and V hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Funding Loan, as evidenced by the Governmental Lender Notes, as and when the same shall become due, all in accordance with the terms of the Governmental Lender Notes and this Funding Loan Agreement.

Section 8.4 Servicer. The Funding Lender may appoint a Servicer to service and administer the Governmental Loan and/or the Borrower Loan on behalf of the Funding Lender, including without limitation the fulfillment of rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to Section 2.1 of the Borrower Loan Agreement.

Section 8.5 Borrower Loan Agreement Performance.

(a) The Funding Lender and the Servicer, if any, on behalf of the Governmental Lender, may (but shall not be required or obligated to) perform and observe any agreement or covenant of the

Governmental Lender under the Borrower Loan Agreement subject to the terms and provisions contained therein, all to the end that the Governmental Lender's rights under the Borrower Loan Agreement may be unimpaired and free from default.

(b) The Governmental Lender will promptly notify the Borrower, the Servicer and the Funding Lender in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Governmental Lender has received written notice of such event.

Section 8.6 Maintenance of Records; Inspection of Records.

(a) The Funding Lender shall keep and maintain adequate records pertaining to any funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Funding Loan and interests therein. The Funding Lender shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Funding Loan, subject to the inspection of the Governmental Lender and its representatives at all reasonable times and upon reasonable prior notice.

(b) The Governmental Lender will at any and all times, upon the reasonable request of the Servicer, the Borrower or the Funding Lender, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Governmental Lender relating to the Project and the Funding Loan, if any, and (at their own expense) to make copies thereof.

Section 8.7 Tax Covenants. The Governmental Lender covenants to and for the benefit of the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other instrument, it will:

(a) Require the Borrower to execute the Regulatory Agreement as a condition of funding the Borrower Loan;

(b) Not knowingly take or cause to be taken any action or actions, or knowingly fail to take any action or actions, which would cause the interest payable on the Series A Governmental Lender Note to be includable in gross income for federal income tax purposes;

(c) Whenever and so often as requested in writing by Funding Lender, the Governmental Lender (at the sole cost and expense of the Borrower), shall do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Governmental Lender on the Series A Governmental Lender Note will be excluded from the gross income of the Noteowner, for federal income tax purposes, pursuant to Section 103 of the Code, except in the event where any owner of the Governmental Lender Notes or a portion thereof is a "substantial user" of the facilities financed with the Funding Loan or a "related person" within the meaning of Section 147(a) of the Code;

(d) Not knowingly take any action nor, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, knowingly permit or suffer any action to be taken if the result of the same would be to cause the Governmental Lender Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations;

(e) Require the Borrower to agree, solely by causing the Borrower to execute and deliver the Borrower Loan Agreement, not to commit any act and not to make any use of the proceeds of the Funding Loan, or any other moneys which may be deemed to be proceeds of the Funding Loan pursuant to the Code, which would cause the Governmental Lender Notes to be "arbitrage bonds" within the meaning of Sections 103(b) and 148 the Code, and to comply with the requirements of the Code throughout the term of the Funding Loan; and

(f) Require the Borrower, solely by causing the Borrower to execute and deliver the Borrower Loan Agreement, to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code.

In furtherance of the covenants in this Section 8.7, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full. In the event of any conflict between this Funding Loan Agreement and the Tax Certificate, the requirements of the Tax Certificate shall control.

For purposes of this Section 8.7 the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control and no acts, omissions or directions of the Borrower, the Funding Lender or any other Persons shall be attributed to the Governmental Lender.

In complying with the foregoing covenants, the Governmental Lender may rely from time to time on a Tax Counsel No Adverse Effect Opinion or other appropriate opinion of Tax Counsel.

Section 8.8 Performance by the Borrower. Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may (but is under no obligation to) perform any such agreement or covenant if no Borrower Loan Agreement Default or Potential Default under (and as such term is defined in) the Borrower Loan Agreement exists.

ARTICLE IX

DEFAULT; REMEDIES

Section 9.1 Events of Default. Any one or more of the following shall constitute an event of default (an "**Event of Default**") under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) A default in the payment of any interest upon the Governmental Lender Notes when such interest becomes due and payable;

(b) A default in the payment of principal of, or premium on, the Governmental Lender Notes when such principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for mandatory prepayment or otherwise;

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 12.1 hereof, to the Governmental Lender and the Borrower by the Funding Lender or the Servicer, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Funding Loan Agreement; provided that, so long as the Governmental Lender has commenced to cure such failure to observe or perform within the thirty (30) day cure period, the subject matter of the default is not capable of cure within said thirty (30) day period and the Governmental Lender is diligently pursuing such cure to the Funding Lender's satisfaction, with the Funding Lender's Written Direction or Written Consent, then the Governmental Lender shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Funding Lender) within which to cure such default;

(d) A default in the payment of any Additional Borrower Payments; or

(e) Any other "Default" or "Event of Default" under any of the other Funding Loan Documents (taking into account any applicable grace periods therein).

Section 9.2 Acceleration of Maturity; Rescission and Annulment.

(a) Subject to the provisions of Section 9.9 hereof, upon the occurrence of an Event of Default under Section 9.1 hereof, then and in every such case, the Funding Lender may declare the principal of the Funding Loan and the Governmental Lender Notes and the interest accrued to be immediately due and payable, by notice to the Governmental Lender, Borrower and the Equity Investor, and upon any such declaration, all principal of and Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Lender Notes shall become immediately due and payable.

(b) At any time after a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Funding Lender may by Written Notice to the Governmental Lender rescind and annul such declaration and its consequences if:

(i) there has been deposited with the Funding Lender a sum sufficient to pay (1) all overdue installments of interest on the Funding Loan, (2) the principal of and Prepayment Premium on the Funding Loan that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Funding Loan, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Funding Loan, and (4) all sums paid or advanced by the Funding Lender and the reasonable compensation, expenses, disbursements and advances of the Funding Lender, its agents and counsel (but only to the extent not duplicative with subclauses (1) and (3) above); and

(ii) all Events of Default, other than the non-payment of the principal of the Funding Loan that has become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.9 hereof.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Funding Lender shall pursue no remedies against the Borrower, any of the Borrower's partners or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

Section 9.3 Additional Remedies; Funding Lender Enforcement.

(a) Upon the occurrence of an Event of Default, the Funding Lender may, subject to the provisions of this Section 9.3 and Section 9.9 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender may proceed forthwith to protect and enforce its rights and this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender, in its sole discretion, shall deem expedient. Funding Lender shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(i) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(ii) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Security Instrument by the Governmental Lender to the Funding Lender as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(iii) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(iv) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents, or the Borrower Loan Documents, or in and of the execution of

any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, shall have the sole right to waive or forbear from enforcing any term, condition, covenant or agreement of the Security Instrument, the Borrower Loan Agreement, the Borrower Notes or any other Borrower Loan Documents or Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax-exempt status of the interest on the Series A Governmental Lender Note, and provided that the Governmental Lender may seek specific performance by the Borrower to enforce the Unassigned Rights; provided, however, that any such forbearance by the Funding Lender in the exercise of its remedies under the Funding Loan Documents shall not be construed as a waiver by the Funding Lender of any Conditions to Conversion (as such term is defined in the Borrower Loan Agreement).

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after the Borrower, the Equity Investor and the Funding Lender receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement (subject to applicable notice and cure periods) to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed pursuant to Sections 2.5, 5.14 or 5.15 of the Borrower Loan Agreement for fees, expenses or indemnification, the Funding Lender shall have the right to exercise all its rights and remedies thereunder (subject to the last paragraph of Section 9.14 hereof).

Section 9.4 Application of Money Collected. Any money collected by the Funding Lender pursuant to this Article and any other sums then held by the Funding Lender as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender Notes, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Funding Loan) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Funding Loan; provided, however, that partial interests in any portion of the Funding Loan shall be paid in such order of priority as may be prescribed by Written Direction of the Funding Lender in its sole and absolute discretion; and

(c) Third: The payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

If and to the extent this Section 9.4 conflicts with the provisions of the Servicing Agreement, the provisions of the Servicing Agreement shall control. Capitalized terms used in this Section 9.4 but not otherwise defined in this Funding Loan Agreement shall have the meanings given such terms in the Servicing Agreement.

Section 9.5 Remedies Vested in Funding Lender. All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Notes may be prosecuted and enforced by the Funding Lender without the possession of the Governmental Lender Notes or the production thereof in any proceeding relating thereto.

Section 9.6 Restoration of Positions. If Funding Lender shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender, then and in every such case the Governmental Lender and the Funding Lender shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender shall continue as though no such proceeding had been instituted.

Section 9.7 Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.8 Delay or Omission Not Waiver. No delay or omission of the Funding Lender to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender may be exercised from time to time, and as often as may be deemed expedient, by Funding Lender. No waiver of any default or Event of Default pursuant to Section 9.9 hereof shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 9.9 Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Funding Lender, the Funding Lender may, subject to Section 9.6 hereof, by Written Notice to the Governmental Lender and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due the Governmental Lender pursuant to or under the Unassigned Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.10 Remedies Under Borrower Loan Agreement or Borrower Notes. As set forth in this Section 9.10 but subject to Section 9.9 hereof, the Funding Lender shall have the right, in

its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Notes, whether or not the Governmental Lender Notes have been accelerated or declared due and payable by reason of an Event of Default.

Section 9.11 Waiver of Appraisement and Other Laws.

(a) To the extent permitted by law, the Governmental Lender will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisement, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Governmental Lender, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Security marshaled upon any enforcement hereof.

(b) If any law now in effect prohibiting the waiver referred to in clause (a) shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 9.11.

Section 9.12 Suits to Protect the Security. The Funding Lender shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender.

Section 9.13 Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.14 Assumption of Obligations. In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Notes, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

ARTICLE X

AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER DOCUMENTS

Section 10.1 Amendment of Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Lender Notes may be amended or waived only by an instrument signed by the Funding Lender and the Governmental Lender, provided, however, no such amendment which materially affects the rights, duties, obligations or other interests of the Borrower or Fiscal Agent shall be made without the consent of the Borrower or Fiscal Agent, as applicable, and, provided further, that if the Borrower is in default under any Funding Loan Document, no Borrower consent shall be required unless such amendment has a material adverse effect on the rights, duties, obligations or other interests of the Borrower. All of the terms of this Funding Loan Agreement shall be binding upon the successors and assigns of and all persons claiming under or through the Governmental Lender or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Funding Lender.

Section 10.2 Amendments Require Funding Lender Consent. The Governmental Lender shall not consent to any amendment, change or modification of the Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document without the prior Written Consent of the Funding Lender.

Section 10.3 Consents and Opinions. No amendment to this Funding Loan Agreement or any other Funding Loan Document entered into under this Article X or any amendment, change or modification otherwise permitted under this Article X shall become effective unless and until (i) the Funding Lender shall have approved the same in writing in its sole discretion and (ii) the Funding Lender shall have received, at the expense of the Borrower, a Tax Counsel No Adverse Effect Opinion and an Opinion of Counsel to the effect that any such proposed amendment is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE XI

THE FISCAL AGENT

Section 11.1 Appointment of Fiscal Agent; Acceptance. The Governmental Lender hereby appoints Fiscal Agent as fiscal agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

Section 11.2 Certain Duties and Responsibilities of Fiscal Agent.

(a) The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, and no implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent.

(b) If an event of default exists hereunder or under any Borrower Loan Document, the Fiscal Agent shall exercise such of the rights and powers vested in it by this Funding Loan

Agreement, and exercise any rights or duties or remedies solely at the written direction of the Funding Lender.

(c) No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, in each case, as finally adjudicated by a court of law, except that:

(i) This subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts;

(iii) The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Funding Lender relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any power conferred upon the Fiscal Agent under this Funding Loan Agreement; and

(iv) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it in its sole discretion.

(v) Subject to its rights to indemnification pursuant to Section 11.4 hereof, the Fiscal Agent is directed to enter into the Borrower Loan Documents to which it is a party and other related documents, solely in its capacity as Fiscal Agent.

(d) Whether or not therein expressly so provided, every provision of this Funding Loan Agreement and the other Funding Loan Documents relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section.

(e) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Funding Loan Agreement.

(f) The permissive rights of the Fiscal Agent to do things enumerated in this Funding Loan Agreement shall not be construed as a duty.

(g) The rights of the Fiscal Agent and limitations of liability enumerated herein and in Section 11.4 shall extend to actions taken or omitted in its role as assignee of the Governmental Lender under the Borrower Loan Agreement and the other Funding Loan Documents.

Section 11.3 Notice of Defaults. Upon the occurrence of any default hereunder or under any Borrower Loan Document and provided that a Responsible Officer of the Fiscal Agent has actual

knowledge or has received Written Notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, the Equity Investor, the Servicer, if any, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 12.1 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 11.4(g) hereof, unless such default shall have been cured or waived.

Section 11.4 Certain Rights of Fiscal Agent. Except as otherwise provided in Section 11.1 hereof:

(a) The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any request or direction of the Governmental Lender mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Governmental Lender Representative;

(c) Whenever in the administration of this Funding Loan Agreement or any Borrower Loan Document the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Governmental Lender, the Funding Lender, the Servicer or the Borrower, as appropriate;

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement or any Borrower Loan Document at the request or direction of the Funding Lender, pursuant to this Funding Loan Agreement, unless the Funding Lender shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own negligence or willful misconduct, provided, that nothing contained in this subparagraph (d) shall be construed to require such security or indemnity for the performance by the Fiscal Agent of its obligations under Article VIII hereof;

(e) The Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Governmental Lender, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;

(f) The Fiscal Agent may execute any of its powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The

Fiscal Agent may act upon the advice of counsel of its choice concerning all matters hereof and the Fiscal Agent shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith reliance upon said advice; and

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any Borrower Loan Document except for failure by the Borrower to make payments of principal, interest, premium, if any, or Ongoing Governmental Lender Fee when due, unless a Responsible Officer of the Fiscal Agent shall be specifically notified by a Written Direction of such default by the Governmental Lender, the Servicer or the Funding Lender, and all notices or other instruments required by this Funding Loan Agreement or under any Borrower Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to a Responsible Officer of the Fiscal Agent at the Office of the Fiscal Agent, and in the absence of such Written Notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

Section 11.5 Not Responsible for Recitals. The recitals contained herein and in the Governmental Lender Notes shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the funding of the Funding Loan.

The Fiscal Agent shall not be required to monitor the financial condition of the Borrower or the physical condition of the Project. Unless otherwise expressly provided, the Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Funding Lender and such other parties to whom the Fiscal Agent may provide such information pursuant to this Funding Loan Agreement.

The Fiscal Agent makes no representations as to and shall have no responsibility for the sufficiency of the insurance required under any of the Borrower Loan Documents.

Section 11.6 May Hold Funding Loan. The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Funding Loan and may otherwise deal with the Governmental Lender, the Funding Lender and the Borrower with the same rights it would have if it were not Fiscal Agent.

Section 11.7 Moneys Held Hereunder. Moneys held by the Fiscal Agent hereunder need not be segregated from other funds except to the extent required by law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

Section 11.8 Compensation and Reimbursement. Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent's negligence or willful misconduct, both as finally adjudicated by a court of law.

When the Fiscal Agent incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

(a) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.

(b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.

(c) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

Section 11.9 Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition, have at least $500,000,000 of trust assets under management and have a combined capital and surplus of at least $2,000,000 as set forth in its most recent published annual report of condition, or (c) be otherwise acceptable to the Funding Lender in its sole and absolute discretion.

Section 11.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign at any time by giving 60 days' Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 30 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(c) The Fiscal Agent may be removed at any time with 30 days' notice by (i) the Governmental Lender, (ii) the Borrower (unless the Borrower is in default under any of the Borrower Loan Documents), subject to applicable notice and cure periods, with the Written Consent of the Funding Lender and the Governmental Lender, or (iii) the Funding Lender with the Written Consent of the Governmental Lender and Written Notice delivered to the Fiscal Agent and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the Office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender, which consent shall not be unreasonably withheld. In case all or substantially all of the Pledged Revenues and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(e) The retiring Fiscal Agent shall cause Written Notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided to the Funding Lender. Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

Section 11.11 Acceptance of Appointment by Successor.

(a) Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to the Governmental Lender and to the retiring Fiscal Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Fiscal Agent shall become effective and such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and duties of the retiring Fiscal Agent; notwithstanding the foregoing, on request of the Governmental Lender or the successor Fiscal Agent, such retiring Fiscal Agent shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Fiscal Agent all the estates, properties, rights, powers and trusts of the retiring Fiscal Agent, and shall duly assign, transfer and deliver to such successor Fiscal Agent all property and money held by such retiring Fiscal Agent hereunder. Upon request of any such successor Fiscal Agent, the Governmental Lender shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such estates, properties, rights and powers.

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under this Article, to the extent operative.

Section 11.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause Written Notice of such succession to be delivered to the Funding Lender within 30 days of such succession.

Section 11.13 Appointment of Co-Fiscal Agent. It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Borrower Loan Document or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section are adopted to these ends.

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon Written Notice to the Governmental Lender, the Funding Lender and the Borrower, and with the consent of the Governmental Lender and the Funding Lender, but without the necessity of further authorization or consent, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement, any Borrower Loan Document, the Regulatory Agreement or the Borrower Loan Agreement to be exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be exercisable by and vest in such separate or co-fiscal agent but only to the extent necessary to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-fiscal agent shall run to and be enforceable by either of them.

Should any instrument in writing from the Governmental Lender be required by the separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed, acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, duties and obligations of such separate fiscal agent or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a successor to such separate fiscal agent or co fiscal agent.

Section 11.14 Loan Servicing. The Governmental Lender and the Fiscal Agent acknowledge that the Funding Lender shall have the right to appoint a Servicer to service and administer the Funding Loan and the Borrower Loan as set forth in a Servicing Agreement. The Governmental Lender and the Fiscal Agent shall not be responsible for monitoring the performance of any Servicer or for any acts or omissions of such Servicer. The Funding Lender may, in its sole discretion, terminate or replace the Servicer.

Section 11.15 No Recourse Against Officers or Employees of Fiscal Agent. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Notices. All notices, demands, requests and other communications required or permitted to be given by any provision of this Funding Loan Agreement shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier, hand delivery, to the party to be notified addressed as follows:

If to the Fiscal Agent	U.S. Bank National Association 633 W. 5th Street, 24th Floor Los Angeles, California 90071 Attention: Corporate Trust Services Telephone: (213) 615-6024 Facsimile: (213) 615-6199
If to the Governmental Lender:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Executive Director Phone: (619) 578-7575 Facsimile: (619) 578-7356
If to the Borrower:	Bella Vista Affordable Communities, L.P. c/o Logan Capital Advisors P.O. Box 880367 San Diego, CA 92168 Phone: (619) 260-5562 Facsimile:
with a copy to:	Cox, Castle & Nicholson, LLP 50 California Street, Suite 3200 San Francisco, California 94111 Attention: Steve Ryan, Esq. Phone: (415) 262-5150 Facsimile: (415) 262-5199

and a copy to:	Hessel Aluise and Neun, PC 1100 17th Street, NW, Suite 1100 Washington, DC 20036 Attention: Phone: (202) 466-5300 Facsimile:
and a copy to:	Casa Familiar 268 West Park Avenue San Ysidro, California 92173 Attention: Lisa Cuestas. Phone: (619) 313-3863 Facsimile: (619) 428-1115
and a copy to:	Duane Morris LLP 750 B Street, Suite 2900 San Diego, CA 92101 Attention: Joshua Summers, Esq. Phone: (619) 744-2266 Facsimile: (619) 923-2502
If to the Equity Investor:	AEGON USA Realty Advisors, LLC [ADDRESS] Attention: Telephone: Facsimile:
with a copy to:	Klein Hornig LLP 101 Arch Street, Suite 1101 Boston, MA 02110 Attention: Phone:
If to the Funding Lender:	Citibank, N.A. 388 Greenwich Street, 8th Floor New York, New York 10013 Attention: Transaction Management Group Re: Bella Vista Deal ID #24101 Facsimile: (212) 723-8209
and to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Re: Bella Vista Deal ID #24101 Facsimile: (805) 557-0924

prior to the Conversion Date, with a copy to:	Citibank, N.A. 388 Greenwich Street, 8th Floor New York, New York 10013 Attention: Account Specialist Re: Bella Vista Deal ID#24101 Facsimile: (212) 723-8209
following the Conversion Date with a copy to:	Citibank, N.A. c/o Berkadia Commercial Servicing Department 323 Norristown Road, Suite 300 Ambler, Pennsylvania 19002 Attention: Client Relations Manager Re: Bella Vista Deal ID#24101 Facsimile: (215) 328-0305
and a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street New York, New York 10013 Attention: General Counsel's Office Re: Bella Vista Deal ID#24101 Facsimile: (212) 723-8939

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Funding Loan Agreement: (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Funding Loan Agreement may change such party's address for the purpose of notice, demands, requests and communications required or permitted under this Funding Loan Agreement by providing written notice of such change of address to all of the parties by written notice as provided herein.

Section 12.2 Term of Funding Loan Agreement. This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Notes, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

Section 12.3 Successors and Assigns. All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not.

Section 12.4 Legal Holidays. In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period from and after such date and prior to the date of payment.

Section 12.5 Governing Law. This Funding Loan Agreement shall be governed by and shall be enforceable in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 12.6 Severability. If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Notes or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender only to the full extent permitted by law.

Section 12.7 Execution in Several Counterparts. This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 12.8 Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be, and the provisions of Section 11.1 of the Borrower Loan Agreement are by this reference incorporated herein.

Section 12.9 Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF THE GOVERNMENTAL LENDER AND THE FUNDING LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS FUNDING LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

IF FOR ANY REASON THIS WAIVER IS DETERMINED TO BE UNENFORCEABLE, ALL DISPUTES WILL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROCEDURES SET FORTH IN THE SECURITY INSTRUMENT.

Section 12.10 Electronic Transactions. The transactions described in this Funding Loan Agreement may be conducted and related documents and may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12.11 Reference Date. This Funding Loan Agreement is dated for reference purposes only as of the first day of August, 2017.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Funding Lender, the Fiscal Agent and the Governmental Lender have caused this Funding Loan Agreement to be duly executed as of the date first written above.

FUNDING LENDER:

CITIBANK, N.A.

By:_____
Jay Abeywardena
Authorized Signatory

GOVERNMENTAL LENDER:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By:_____
Richard C. Gentry,
Executive Director

FISCAL AGENT:

U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By:_____
Authorized Officer

EXHIBIT A

FORM OF GOVERNMENTAL LENDER NOTE

THIS NOTE MAY BE OWNED ONLY BY A PERMITTED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS FUNDING LOAN AGREEMENT (A) REPRESENTS THAT IT IS A PERMITTED TRANSFEREE AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE TO ANOTHER PERMITTED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE NOTE
(BELLA VISTA APARTMENTS),
[2017 SERIES A][2017 TAXABLE SERIES B]

$_____ **August __, 2017**

FOR VALUE RECEIVED, the undersigned HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("Obligor") promises to pay to the order of CITIBANK, N.A. ("Holder") the maximum principal sum of [_____ DOLLARS ($_____), on _____ 1, 20__], or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of August 1, 2017 (the "Funding Loan Agreement"), among Obligor, Holder and U.S. Bank National Association, as fiscal agent ("Fiscal Agent"), an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held derived from proceeds of this Governmental Lender Note, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of Governmental Lender Note so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement.

Obligor shall pay to the Holder on or before each date on which interest on the Funding Loan is payable interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

This Governmental Lender Note is a pass-through obligation relating to a construction and permanent loan (the "Borrower Loan") made by Obligor from proceeds of the Funding Loan to Bella Vista Affordable Communities, L.P., a California limited partnership, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of August 1, 2017, (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower, evidenced by the [Series A][Taxable Series B] Borrower Note (as

defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the [Series A][Taxable Series B] Borrower Note for complete payment and prepayment terms of such Borrower Note, payments on which are passed-through under this Governmental Lender Note.

This Governmental Lender Note is a limited obligation of the Obligor, payable solely from the Pledged Revenues and other funds and moneys and Security pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) or any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on this Governmental Lender Note or the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or this Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan or this Governmental Lender Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Governmental Lender has no taxing power.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity and those respecting limitations of liability in Article V of the Funding Loan Agreement.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and

options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

This Governmental Lender Note (and the Funding Loan that it represents), and any interests herein or therein, are transferable by the registered owner hereof, but only in the manner, subject to the limitations and upon payment of the charges provided in the Funding Loan Agreement. Upon such transfer a new fully registered Governmental Lender Note will be issued to the transferee in exchange herefor. The Obligor, the Funding Lender and the Fiscal Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Obligor and the Funding Lender shall not be affected by any notice to the contrary.

The Obligor hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Governmental Lender Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State (including the Act) and that the amount of this Governmental Lender Note, together with all other indebtedness of the Obligor, does not exceed any limit prescribed by the Constitution or laws of the State.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Note by its authorized representative as of the date first set forth above. The undersigned intends that this instrument shall be deemed to be signed and delivered as a sealed instrument.

OBLIGOR:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By:_____

Executive Director

[SEAL]

ATTEST:

By:_____

Deputy Secretary

[signature page to Governmental Lender Note – Bella Vista Apartments]

CERTIFICATE OF AUTHENTICATION

This Governmental Lender Note is the Governmental Lender Note described in the within mentioned Funding Loan Agreement.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By_____
Name_____
Title_____

EXHIBIT B

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS

[_____, 20__]

The undersigned, as holder (the "Holder") of a loan (the "Funding Loan") in the maximum principal amount of $_____ from CITIBANK, N.A. ("Funding Lender") to HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("Governmental Lender") pursuant to a Funding Loan Agreement dated as of August 1, 2017 (the "Funding Loan Agreement") among the Funding Lender, the Governmental Lender and U.S. Bank National Association, as fiscal agent (the "Funding Loan"), evidenced by the Housing Authority of the City of San Diego Multifamily Housing Revenue Notes (Bella Vista Apartments), 2017 Series A and 2017 Taxable Series B (collectively, the "Governmental Lender Note"), or an interest therein, hereby represents that:

1. The Holder has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project to be able to evaluate the risk and merits of the investment represented by the Funding Loan. We are able to bear the economic risks of such investment.

2. The Holder acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Holder has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Governmental Lender, the Project, the use of proceeds of the Funding Loan and the Funding Loan and the security therefor so that, as a reasonable investor, the Holder has been able to make its decision to [extend/purchase] the Funding Loan [or an interest therein]. The Holder acknowledges that it has not relied upon the Governmental Lender for any information in connection with the Holder's purchase of the Funding Loan [or an interest therein].

3. The Holder is an Approved Transferee.

4. The Holder acknowledges that it is purchasing [an interest in] the Funding Loan for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan; provided, however, that the Holder may sell or transfer the Governmental Lender Note and the Funding Loan as provided in Section 2.4 of the Funding Loan Agreement.

5. In the event any placement memorandum to be provided to any subsequent buyer or beneficial owner of such portion of the Funding Loan will disclose information with respect to the Governmental Lender other than its name, location and type of political subdivision and general information with respect to the Funding Loan and Borrower Loan and related documents, the Holder will provide the Governmental Lender with a draft of such placement memorandum and the Governmental Lender shall have the right to approve any description of the Governmental Lender therein (which approval shall not be unreasonably withheld).

6. The Holder understands that the Funding Loan is a limited obligation of the Governmental Lender; payable solely from funds and moneys pledged and assigned under the Funding Loan Agreement, and that the liabilities and obligations of the Governmental Lender with respect to the Funding Loan are expressly limited as set forth in the Funding Loan Agreement and related documents.

7. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Funding Loan Agreement.

[_____], as Holder

By_____
Name_____
Its_____

EXHIBIT C

FORM OF WRITTEN REQUISITION
OF THE BORROWER – PROJECT FUND

Draw #_____

To: U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent") under that certain Funding Loan Agreement, dated as of August 1, 2017, among Citibank, N.A., as Funding Lender, the Housing Authority of the City of San Diego, as Governmental Lender, and the Fiscal Agent (the "Funding Loan Agreement"), pursuant to which the Housing Authority of the City of San Diego Multifamily Housing Revenue Notes (Bella Vista Apartments), 2017 Series A and 2017 Taxable Series B (collectively, the "Governmental Lender Notes") were issued.

1. You are requested to disburse funds from the Project Fund pursuant to Section 7.7 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on the requisition has been incurred in or about the rehabilitation or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) such requisition contains no items representing any Costs of Issuance or any other amount constituting an issuance cost under Section 147(g) of the Code, unless such item is being paid solely from the Equity Account of the Project Fund;

(v) not less than 97% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Governmental Lender Notes plus (B) all amounts allocated to the Governmental Lender Notes previously disbursed from the Note Proceeds Account of the Project Fund, have been or will be applied by the Borrower to pay Qualified Project Costs;

(vi) to the undersigned's current, actual knowledge, as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement; and

(vii) attached as Schedule I to this Requisition is an exhibit that allocates the amount requested hereby from each account of the Project Fund among the sources for payment.

Dated:_____

BELLA VISTA AFFORDABLE COMMUNITIES, L.P., a California limited partnership

By:

By:_____

By:

By:_____

Approved by:
CITIBANK, N.A.,
as Funding Lender

By:_____
Authorized Signer

Schedule I

Payment Instructions

EXHIBIT D

FORM OF WRITTEN REQUISITION
OF THE BORROWER – CLOSING COSTS FUND

To: U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent") under that certain Funding Loan Agreement, dated as of August 1, 2017, among Citibank, N.A., as Funding Lender, Housing Authority of the City of San Diego, as Governmental Lender, and the Fiscal Agent (the "Funding Loan Agreement").

1. You are requested to disburse funds from the Closing Costs Fund pursuant to Section 7.6 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto. All payments will be made by check or wire transfer in accordance with the payment instructions set forth on Schedule I (or on the attached invoice) and the Fiscal Agent shall have no obligation to authenticate such payment instructions or the authority under which they were given.

2. The undersigned certifies that as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement.

Dated:_____

BORROWER:

BELLA VISTA AFFORDABLE COMMUNITIES, L.P., a California limited partnership,

By:
By: _____

By:

By: _____

The foregoing Requisition is hereby consented to:

FUNDING LENDER:

CITIBANK, N.A.

By:_____
Vice President

GOVERNMENTAL LENDER:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By:_____
Executive Director

Schedule I

Payment Instructions

Payee	Purpose	Amount of Payment

Recording Requested By and
When Recorded Mail To:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Bradley R. Neal, Esq.

[Space above for recorder.]

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

REGULATORY AGREEMENT

AND DECLARATION OF RESTRICTIVE COVENANTS

By and Among

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

and

BELLA VISTA AFFORDABLE COMMUNITIES, L.P.,
a California limited partnership

Dated as of August 1, 2017

Relating to

$_____
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE NOTE
(BELLA VISTA APARTMENTS)
2017 SERIES A

and

$_____
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE NOTE
(BELLA VISTA APARTMENTS)
2017 TAXABLE SERIES B

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REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "Regulatory Agreement"), dated as of August 1, 2017, by and among the Housing Authority of the City of San Diego, a public body corporate and politic is duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the "Governmental Lender"), U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as Fiscal Agent (the "Fiscal Agent"), and Bella Vista Affordable Communities, L.P., a California limited partnership (the "Borrower").

W I T N E S S E T H

WHEREAS, the Legislature of the State of California enacted Chapter 1 of Part 2 of Division 24 of the Health and Safety Code (the "Act") to authorize housing authorities to issue bonds or notes to finance the acquisition, rehabilitation and development of multifamily rental housing for families and individuals of lower income; and

WHEREAS, the Governmental Lender is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code")); and

WHEREAS, on June 16, 2017, the governing board of the Governmental Lender adopted a resolution (the "Resolution") authorizing the Governmental Lender to enter into that certain Funding Loan Agreement, by and among the Governmental Lender, Citibank, N.A. (the "Funding Lender") and the Fiscal Agent, dated as of August 1, 2017 (the "Funding Loan Agreement"), whereby the Funding Lender will loan the Governmental Lender up to $23,300,000 (the "Funding Loan") to make a loan to the Borrower pursuant to that certain Borrower Loan Agreement, by and among the Governmental Lender, the Fiscal Agent and the Borrower, dated as of August 1, 2017 (the "Borrower Loan Agreement") of up to $23,300,000 (the "Borrower Loan") to provide financing to acquire, rehabilitate and equip a 170 unit multifamily rental housing project located at 4742 Solola Avenue in the City of San Diego, California, County of San Diego, State of California (the "Project") for the public purpose of providing decent, safe and sanitary housing for families and individuals of low and very low income; and

WHEREAS, pursuant to the Funding Loan Agreement, the Governmental Lender will issue two promissory notes (the "Governmental Lender Notes") in the aggregate principal amount of the Funding Loan to the Funding Lender which is secured by the Borrower's obligation to repay the Borrower Loan under the Borrower Loan Agreement; and

WHEREAS, the Borrower and the Funding Lender have entered into a Construction Funding Agreement, dated as of August 1, 2017 (the "Construction Funding Agreement"), providing the terms and conditions under which the Funding Lender will lend the Funding Loan to the Governmental Lender, the terms and conditions under which the Governmental Lender will lend the Borrower Loan to the Borrower, and the terms and conditions under which the Borrower will acquire, rehabilitate and equip the Project; and

WHEREAS, all things necessary to make the Funding Loan Agreement, the Borrower Loan Agreement and the Governmental Lender Notes the valid, binding, and limited obligations of the Governmental Lender according to the import thereof, have been done and performed, and the creation, execution, and delivery of the Borrower Loan Agreement and the Funding Loan Agreement and the execution and issuance of the Governmental Lender Notes, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Governmental Lender has obtained an allocation for the Project of a portion of the State of California's private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee; and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be owned and operated in accordance with the Code and the Act, the Governmental Lender, the Fiscal Agent and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, rehabilitation, equipping and operation of the Project;

WHEREAS, in _____, the Governmental Lender, _____ ("Original Trustee"), predecessor-in-interest to U.S. Bank National Association ("Trustee") and _____ (the "Original Owner") entered into that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of _____ (the "Original Regulatory Agreement"), recorded on _____ as Document No. _____ in the Official Records of County of San Diego, California in connection with the issuance of the $_____ Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (_____) ___ Series __ (the "Original Bonds"); and

WHEREAS, in connection with the sale of the Property to the Borrower, the Original Regulatory Agreement was terminated on the condition that the Borrower would enter into this Regulatory Agreement and would comply with all of the restrictions set forth in California Debt Limit Allocation Committee Resolution No. _____ adopted on _____ (the "Original CDLAC Resolution");

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Governmental Lender, the Fiscal Agent and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. In addition to the defined terms in the recitals hereof, the following terms shall have the respective meanings assigned to them in this Section 1 or, if not defined herein, in the Funding Loan Agreement and/or the Borrower Loan Agreement, unless the context in which they are used clearly requires otherwise:

"Adjusted Income" – The adjusted income of a person who intends to reside in a residential unit (together with the adjusted income of all persons the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed in Regulation Section 1.103-8.

"Affiliated Party" – (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Area" – The San Diego County, California, Primary Metropolitan Statistical Area.

"Borrower Loan Agreement" – The Borrower Loan Agreement, by and between the Governmental Lender and the Borrower, dated as of August 1, 2017, pursuant to which the Governmental Lender shall loan the Borrower Loan to the Borrower.

"Borrower Loan" – The loan from the Governmental Lender to the Borrower under the Borrower Loan Agreement to provide Borrower with financing to acquire, rehabilitate and equip the Project.

"Borrower's Tax Certificate" – The certificate of the Borrower, dated as of the Closing Date, with respect to certain Project Costs delivered to the Governmental Lender by the Borrower, as supplemented from time to time.

"CDLAC" – The California Debt Limit Allocation Committee.

"CDLAC Resolution" –Resolution No. 16-127 adopted by CDLAC on September 21, 2016, as amended or supplemented.

"Certificate of Continuing Program Compliance" – The certificate with respect to the Project to be filed by the Borrower with the Governmental Lender, which shall be substantially in the form attached hereto as Exhibit B.

"Closing Date" – August __, 2017.

"Costs of Issuance" –

(a) the fees, costs and expenses of (i) the Governmental Lender, the Governmental Lender's counsel and the Governmental Lender's financial advisor, (ii) Special Counsel, (iii) the Funding Lender and the Funding Lender's counsel, (iv) the Fiscal Agent and Fiscal Agent's Counsel, (v) the Borrower's counsel and the Borrower's financial advisor, if any, and (vi) the Rating Agency, if any;

(b) costs of printing the offering documents relating to the sale of Governmental Lender Notes, or an interest therein; and

(c) all other fees, costs and expenses directly associated with the authorization and issuance, sale and delivery of the Governmental Lender Notes, and interests therein, including printing costs, costs of reproducing documents, filing and recording fees, and any fees, costs and

expenses required to be paid to the Funding Lender in connection with the origination of the Funding Loan.

"Equity Investor" – AEGON USA Realty Advisors, LLC, an Iowa limited liability company, and its permitted successors and assigns.

"Fiscal Agent" – U.S. Bank National Association, as fiscal agent under the Funding Loan Agreement, and any successor in interest thereto.

"Funding Loan Agreement" – The Funding Loan Agreement, by and between the Governmental Lender and the Funding Lender, dated as of August 1, 2017, pursuant to which the Funding Lender shall loan the Funding Loan to the Governmental Lender.

"Funding Loan" – The loan from the Funding Lender to the Governmental Lender under the Funding Loan Agreement to provide the Governmental Lender funds to lend the Borrower Loan under the Borrower Loan Agreement

"Governmental Lender Fee" – The upfront administrative fee of the Governmental Lender payable on the Closing Date in an amount equal to $_____. Thereafter, the Borrower shall pay to the Governmental Lender an annual administrative fee on each annual anniversary of the Closing Date an amount equal to $_____ until the date the Regulatory Agreement is no longer in effect and a Notice of Release has been recorded by the Governmental Lender.

"Governmental Lender Notes" – The promissory notes issued by the Governmental Lender under the Funding Loan Agreement to the Funding Lender in the aggregate principal amount of the Funding Loan which is secured by the Borrower's obligation to repay the Borrower Loan under the Borrower Loan Agreement

"Income Certification" – The Income Computation and Certification Form in substantially the form attached hereto as Exhibit C.

"Low Income Tenants" – Individuals or families with Adjusted Income which does not exceed 60 percent of the Median Income for the Area as adjusted in a manner consistent with determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such, may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 151(c)(4) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	*Adjustment*
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Low Income Units" – The dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a)(ii) of this Regulatory Agreement.

"Median Income for the Area" – The median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Notice of Release" – A notice of termination and release of this Regulatory Agreement signed and notarized by the Governmental Lender and recorded in the County of San Diego Recorder's Office which the Governmental Lender shall record upon satisfaction of all the Borrower's obligations under the Regulatory Agreement.

"Project" – The Project Facilities and the Project Site.

"Project Costs" – To the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation and equipping of the Project, whether paid or incurred prior to or after the sixtieth day preceding June 16, 2016, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the rehabilitation and equipping of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Special Counsel.

"Project Facilities" – The buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Borrower Loan, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements.

"Project Site" – The parcel or parcels of real property described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances thereunto appertaining in which the Borrower has a fee simple estate.

"Qualified Project Costs" – The Project Costs (excluding Costs of Issuance) incurred after the sixtieth day preceding June 16, 2016, which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election

by the Borrower to deduct those amounts within the meaning of Regulation Section 1.103-8(a)(1)(i); provided, however, that only such portion of interest accrued during rehabilitation of the Project shall constitute a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs paid from the proceeds of the Governmental Lender Notes and interest earnings thereon; and provided further that interest accruing after the completion date shall not constitute a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in constructing the Project (or any portion thereof) within the meaning of Section 147(d)(2) of the Code, as provided in the Tax Certificate.

"Qualified Project Period" – The period beginning on the later of (i) the first day on which at least ten percent (10%) of the dwelling units in the Project are first occupied, and (ii) the Closing Date and ending on the later of (a) the date which is 55 years after the date on which fifty percent (50%) of the dwelling units are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are Outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates; provided that the Qualified Project Period may be shortened with the written consent of the Governmental Lender and CDLAC in their sole discretion, and upon receipt by the Governmental Lender of an opinion of Tax Counsel that such action, in and of itself, will not cause interest on the Funding Loan applicable to the Series A Governmental Lender Note to be includable in gross income for federal tax purposes.

"Series A Governmental Lender Note" – Governmental Lender's Multifamily Housing Revenue Notes (Bella Vista Apartments) 2017 Series A.

"Special Counsel" – Stradling Yocca Carlson & Rauth, a Professional Corporation, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is acceptable to the Governmental Lender and the Servicer.

"Very Low Income Tenants" – Individuals or families with Adjusted Income which does not exceed 50 percent of the Median Income for the Area as adjusted in a manner consistent with determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such, may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 151(c)(4) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	*Adjustment*
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Very Low Income Units" – The dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(a)(i) of this Regulatory Agreement.

Capitalized terms which are not defined herein shall have the meanings assigned to them in the Funding Loan Agreement and/or the Borrower Loan Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Rehabilitation, Equipping and Completion of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire, rehabilitate and equip the Project, pursuant to which the Borrower is obligated to expend at least ninety five percent of the net sale proceeds of the Borrower Loan.

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition, rehabilitation and equipping of the Project and the disbursement of Governmental Lender Notes and Borrower Loan proceeds are accurately set forth in the Borrower's Tax Certificate attached to the Tax Certificate which has been delivered to the Governmental Lender.

(c) The Borrower will proceed with due diligence to complete the acquisition, rehabilitation and equipping of the Project and expects to expend the full amount of the proceeds of the Borrower Loan for Project Costs prior to three years from the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Governmental Lender or the Fiscal Agent are true and correct in all material respects.

(e) Money on deposit in any fund or account in connection with the Borrower Loan, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause the Governmental Lender Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Governmental Lender Notes from being "arbitrage bonds" under the Code.

(f) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Borrower Loan, the Governmental Lender Notes, or the sale of the Governmental Lender Notes or an interest therein to be applied in a manner contrary to the requirements of the Construction Phase Financing Agreement, the Borrower Loan Agreement, the Funding Loan Agreement or this Regulatory Agreement. Neither the Borrower nor any Affiliated Party shall purchase any interest in the Governmental Lender Notes and shall not take any action that would cause the Governmental Lender Notes to be considered federally guaranteed within the meaning of Section 149(b)(2)(B)(ii) of the Code.

(g) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, rehabilitated and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park;

provided, however, that use of certain units for tenant guests on an intermittent basis shall not be considered a transient use for purposes of this Regulatory Agreement.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Special Counsel that by reason of any such action the interest on the Series A Governmental Lender Note will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for one manager's unit described in (g) below) will be available for rental on a continuous basis to members of the general public and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required by this Regulatory Agreement to be leased or rented to Very Low Income Tenants, Low Income Tenants and to holders of Section 8 certificates or vouchers.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) Up to a total of one unit in the Project may be occupied by resident managers or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Governmental Lender from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Borrower Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, source of income (e.g. AFDC, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Very Low Income Units and Low Income Units shall remain available to the Very Low Income Tenants and Low Income Tenants then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Section 4(a)(i) and (ii) below until the earliest of any of the following occurs:

(i) The household's income exceeds 140 percent of the income at which such household would qualify as a Very Low Income Tenant or Low Income Tenant, as applicable.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Sixty (60) years after the commencement of the Qualified Project Period.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants and Very Low Income Tenants as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Governmental Lender may but shall not be required to monitor the Borrower's compliance with the provisions of subparagraph (j) above.

Section 4. Low and Very Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period:

(i) not less than ten percent (10%) of the units in the Project shall be designated as Very Low Income Units and shall be continuously occupied by or held available for occupancy by Very Low Income Tenants at monthly rents which do not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Very Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Governmental Lender and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Very Low Income Tenants for purposes of Section 142(d) of the Code), the following unit sizes and household sizes:

Unit Size	***Household Size***
One Bedroom	Two Persons
Two Bedrooms	Three Persons
Three Bedrooms	Four Persons

Such Very Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Very Low Income Tenant who at the commencement of the occupancy is a Very Low Income Tenant shall be treated as occupied by a Very Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Very Low Income Tenant and thereafter any residential unit of comparable size or smaller in the Project is occupied by a new resident other than a Very Low Income Tenant. Moreover, a unit previously occupied by a Very Low Income Tenant and then vacated shall be considered occupied by a Very Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

(ii) in addition to the Very Low Income Units set aside under paragraph (i) above, not less than another thirty percent (30%) of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents which do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Governmental Lender and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code), the following unit sizes and household sizes:

Unit Size	***Household Size***
One Bedroom	Two Persons
Two Bedrooms	Three Persons
Three Bedrooms	Four Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Low Income Tenant who at the commencement of the occupancy is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter any residential unit of comparable size or smaller in the Project is occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Very Low Income Tenant's occupancy of a Very Low Income Unit and a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Very Low Income Tenant occupying a Very Low Income Unit and each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Very Low Income Tenant or Low Income Tenant, as applicable, in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Governmental Lender, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Governmental Lender or (4) such other information as may be reasonably requested by the Governmental Lender.

Copies of the most recent Income Certifications for Very Low Income Tenants and Low Income Tenants shall be attached to the annual report to be filed with the Governmental Lender as required in (d) below.

(c) (i) Immediately prior to the first anniversary date of the occupancy of a Very Low Income Unit by one or more Very Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Very Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Very Low Income Tenants, such household will no longer qualify as Very Low Income Tenants and to the extent necessary to comply with the requirements of Section 4(a)(i) above, the Borrower will rent the next available unit of comparable size to one or more Very Low Income Tenants.

(ii) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and to the extent necessary to comply with the requirements of Section 4(a)(ii) above, the Borrower will rent the next available unit of comparable size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and within ten days of the last day of each year thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Governmental Lender of the status of the occupancy of the Project by delivering to the Governmental Lender a Certificate of Continuing Program Compliance. Notwithstanding the provisions of Section 4(a) above, the Borrower will not be determined to be out of compliance with Section 4(a) if during the first year following the Closing Date the Project is occupied by fewer Very Low Income Tenants and Low Income Units than is required by Section 4(a).

(e) The Borrower shall maintain complete and accurate records pertaining to the Very Low Income Units and the Low Income Units, and shall permit any duly authorized representative of the Governmental Lender, the Fiscal Agent, the Servicer, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Very Low Income Units and the Low Income Units at all reasonable times upon prior reasonable notice.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Governmental Lender.

(g) The Borrower shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any

additional fees or payments from a Very Low Income Tenant or a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Very Low Income Units or Low Income Units on the basis of source of income (i.e., AFDC or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid to rent the Very Low Income Unit or Low Income Unit, as applicable, to be occupied).

(h) Each lease pertaining to a Very Low Income Unit or Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Very Low Income Unit or Low Income Unit, as applicable, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Very Low Income Unit or Low Income Unit, as applicable, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Governmental Lender a copy of the form of application and lease to be provided to prospective Very Low Income Tenants and Low Income Tenants. The term of the lease shall be not less than thirty (30) days.

Section 5. Tax Status of the Governmental Lender Notes. The Borrower and the Governmental Lender each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Series A Governmental Lender Note and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Special Counsel filed with the Governmental Lender and the Fiscal Agent, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Series A Governmental Lender Note; and

(c) The Borrower, at the Borrower's expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Special Counsel filed with the Governmental Lender and the Fiscal Agent, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not

limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of San Diego.

The Borrower hereby covenants to notify any subsequent owner of the Project of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 6. Modification of Special Tax Covenants. The Borrower, the Fiscal Agent and the Governmental Lender hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Special Counsel filed with the Governmental Lender and the Fiscal Agent, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement which must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series A Governmental Lender Note, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Special Counsel filed with the Governmental Lender and the Fiscal Agent, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended to conform in whole or in part to such changed requirements should the Governmental Lender, in its sole discretion, determine that such requirements should be made applicable to the Project.

(c) The Borrower, the Governmental Lender and, if applicable, the Fiscal Agent shall execute and deliver and, if applicable, the Borrower or the Governmental Lender shall file of record any and all documents and instruments, necessary to effectuate the intent of this Section 6, and each of the Borrower and the Governmental Lender hereby appoints the Fiscal Agent as its true and lawful attorney-in-fact to, at the expense of the Borrower, execute, deliver and, if applicable, file of record on behalf of the Borrower or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved in writing by Special Counsel) if the Fiscal Agent receives written notice that either the Borrower or the Governmental Lender defaults in the performance of its obligations under this subsection (c); provided, however, that the Fiscal Agent shall take no action under this subsection (c) without first notifying the Borrower or the Governmental Lender, or both of them, as is applicable, unless directed in writing by the Governmental Lender or the Borrower and without first providing the Borrower or the Governmental Lender, or both, as is applicable, an opportunity to comply with the requirements of this Section 6.

Section 7. Indemnification. The Borrower hereby releases the Governmental Lender, the Fiscal Agent, their officers, directors, agents and employees from, and covenants and agrees to indemnify, hold harmless and defend the Governmental Lender, the Fiscal Agent, their officers, members, directors, officials, agents and employees and each of them (collectively the "Indemnified Parties," and, individually an "Indemnified Party") from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, costs of investigation, reasonable attorneys' fees and expenses, litigation and court costs, amounts paid in settlement, and amounts paid to

discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Borrower Loan, the Governmental Lender Notes, or the execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project, the making of the Borrower Loan or Funding Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Borrower Loan or Funding Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of the Governmental Lender Notes or any certifications or representations made by any person (other than the Governmental Lender or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the transactions contemplated by the Governmental Lender Notes, the Construction Funding Agreement, the Borrower Loan Agreement, the Funding Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof; and (f) arising out of or in connection with the Fiscal Agent's acceptance or administration of the trusts created by the Funding Loan Agreement and the exercise of its powers or duties thereunder or under the Borrower Loan Agreement, the Funding Loan Agreement, this Regulatory Agreement or any other agreements in connection therewith to which it is a party.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Fiscal Agent or any of its Indemnified Parties, to the extent such damages are caused by the negligence or willful misconduct of such Person and (ii) in the case of the foregoing indemnification of the Governmental Lender or any of its Indemnified Parties to the extent such damages are caused by the willful misconduct of such Person.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Governmental Lender and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Governmental Lender shall have the right to review and approve or disapprove any such compromise or settlement.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Governmental Lender and the Fiscal Agent from (i) any lien or charge upon payments by the Borrower to the Governmental Lender and the Fiscal Agent hereunder arising out of Borrower's actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Governmental Lender and the Fiscal Agent shall give prompt notice to the Borrower, and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Governmental Lender and the Fiscal Agent pursuant to this Section 7, unless at the time of transfer the Governmental Lender has consented to indemnification under this Section 7 from such subsequent owner. If the Governmental Lender has consented to any transfer of the Project in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Governmental Lender pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer.

The provisions of this Section 7 shall survive the earlier removal or resignation of the Fiscal Agent, the terms of the Governmental Lender Notes and this Regulatory Agreement.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Governmental Lender or otherwise, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Governmental Lender shall be entitled simultaneously to seek indemnity under this Section and any other provision under which it is entitled to indemnity.

Section 8. Consideration. The Governmental Lender has entered into the Funding Loan Agreement and the Borrower Loan Agreement and has issued the Governmental Lender Notes to make the Borrower Loan to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Project. In consideration of the Governmental Lender entering into the Funding Loan Agreement and the Borrower Loan Agreement and issuing the Governmental Lender Notes, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Governmental Lender and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Funding Loan Agreement, the Borrower Loan Agreement and the Governmental Lender Notes, and in the exclusion from gross income for federal income tax purposes of interest on the Series A Governmental Lender Note and the exemption from California personal income taxes of the interest on the Governmental Lender Notes. In performing their duties and obligations hereunder, the Governmental Lender and the Fiscal Agent may rely upon statements and certificates of the Borrower, the Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Governmental Lender may consult and the Fiscal Agent, in accordance with the provisions in Section 7.02 of the Funding Loan Agreement may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender or the Fiscal Agent under this Regulatory Agreement in good faith and in conformity with such opinion; provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Special Counsel shall govern the interpretation and enforcement of this Regulatory Agreement. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Fiscal Agent shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any notice or certificate delivered to the Fiscal Agent by the Borrower or the Governmental Lender with respect to the occurrence or absence of a default.

Section 10. Sale or Transfer of the Project; Syndication. With the exception of a transfer of the Project to the General Partner (as hereinafter defined) or an affiliate thereof following the end of the low income housing tax credit period applicable to the Project, the Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Governmental Lender (except as provided in the next succeeding paragraph) and upon receipt by the Governmental Lender (except as provided in the next succeeding paragraph) of (i) such certifications as deemed necessary by the Governmental Lender to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Borrower Loan Agreement or any other Financing Document or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Governmental Lender; (ii) a written instrument by which the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement, (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iv) documentation from the transferee reflecting the transferee's experience or, should the transferee choose to have a property manager run the Project, a property manager's experience with owning and/or operating multifamily housing projects such as the Project and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, and (v) an opinion of Special Counsel addressed to the Governmental Lender and the Fiscal Agent to the effect that such transfer will not cause interest on the Series A Governmental Lender Note to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Governmental Lender and the Fiscal Agent a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the following transfers will be permitted without the consent of Governmental Lender: (a) a transfer of partnership interests in Borrower to or by AEGON USA Realty Advisors, LLC, its successors and assigns (the "Tax Credit Investor") under the Amended and Restated Agreement of Limited Partnership of the Borrower (the "Partnership Agreement") and/or the special limited partner of the Borrower under the Partnership Agreement (the "Special Limited Partner"), or its or their respective designee pursuant to the partnership agreement of the Borrower; (b) a transfer of the limited partner interests in the Borrower of the Tax Credit Investor and/or the Special Limited Partner to an affiliate of such Tax Credit Investor and/or Special Limited Partner; (c) a transfer of the limited partner interests in the Borrower of the Tax Credit Investor and/or the Special Limited Partner to nonaffiliates of such Tax Credit Investor and/or Special Limited Partner; (d) the removal and replacement of the general partner(s) of the Borrower under the Partnership Agreement (the "General Partner") pursuant to the Partnership Agreement; and (e) a transfer of the Project or the limited partnership interests in the Borrower to the General Partner or an affiliate thereof following the end of the low income housing tax credit period applicable to the Project. Prior to any transfer of partnership interests or the Project or removal of the General Partner

permitted in (a) through (e) above, the Governmental Lender shall receive an opinion of Special Counsel acceptable to the Governmental Lender to the effect that such transfer will not cause interest on the Series A Governmental Lender Note, to become includable in the gross income of the recipients thereof for federal income tax purposes. Nothing in this Section 10 shall be deemed to waive, eliminate or otherwise affect any term or provision of any other document, instrument or instrument (including, but not limited to, the Funding Loan Agreement, the Borrower Loan Agreement and the other Financing Documents) to which Borrower is a party which requires the Borrower to obtain the prior written consent of Fiscal Agent, Funding Lender, Servicer or any other third party in order to sell, assign, lease, encumber, pledge, transfer or otherwise dispose (i) of all of any part of the Project (or any direct and/or indirect interest therein), or (ii) of any direct and/or indirect interest in the Borrower.

The foregoing provisions of this Section notwithstanding, the terms and conditions restricting transfers set forth above (including, without limitation, the requirements for consents from the Governmental Lender, and requirements for transferee agreements, opinions and the like) shall not apply to (a) the execution and delivery of the Security Instrument and amendments, modifications, replacements, extensions and renewals thereof, (b) any transfer of title to the Project to any individual or entity by foreclosure, deed in lieu of foreclosure or comparable conversion under the Security Instrument or to any subsequent transfer by any such individual or entity following foreclosure, deed in lieu of foreclosure or comparable conversion under the Security Instrument.

Section 11. Subordination. Upon a conveyance or other transfer of title to the Property by foreclosure, deed in lieu of foreclosure or comparable conversion of the Borrower Loan, the Person who acquires title to the Project pursuant to such foreclosure, deed in lieu of foreclosure or comparable conversion of the Borrower Loan (unless such Person is the Borrower or a Person related to the Borrower within the meaning of Section 1.103–10(e) of the Regulations, in which event this Regulatory Agreement shall remain in full force and effect in its entirety) shall acquire such title free and clear of the terms, covenants and restrictions of this Regulatory Agreement, other than those set forth in Sections 3, 4 and 5 and, from and after the date on which such Person acquires title to the Project, the terms, covenants and restrictions of this Regulatory Agreement, other than those set forth in Sections 3, 4 and 5, shall automatically terminate and be of no force and effect; provided that Sections 3, 4 and 5 shall also terminate and be of no force or effect under the circumstances set forth in Section 12 of this Regulatory Agreement.

Section 12. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j) and 7 above, and in the CDLAC Resolution referred to in Section 26 below, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Governmental Lender Notes and expiration of the Funding Loan Agreement, the Borrower Loan Agreement, the Borrower Loan and the Security Instrument. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Governmental Lender, the Fiscal Agent (if the Governmental Lender Notes are outstanding) and the Borrower only if there shall have been received by the Governmental Lender an opinion of Special Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series A Governmental Lender Note or the exemption from State personal income taxes of the interest on the Governmental Lender Notes. Further, notwithstanding any provisions of this Regulatory Agreement to the contrary, when the

Governmental Lender Notes are no longer outstanding pursuant to the terms of the Funding Loan Agreement, the Fiscal Agent shall be deemed to no longer be a party to this Regulatory Agreement, and all references to the Fiscal Agent hereunder shall be deemed to be references to the Governmental Lender.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall terminate and be of no further force or effect in the event of an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the Governmental Lender and the Fiscal Agent from enforcing the provisions of this Regulatory Agreement, foreclosure on the Project or delivery of a deed in lieu of foreclosure or condemnation or a similar event, but only if within a reasonable period thereafter the Governmental Lender Notes are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliated Party obtains an ownership interest in the Project for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments (prepared by or on behalf of the Borrower or the Governmental Lender) of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 13. Covenants to Run With the Land. The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Governmental Lender and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 14. Burden and Benefit. The Governmental Lender and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Governmental Lender and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Very Low Income Tenants and Low Income Tenants and by furthering the public purposes for which the Governmental Lender Notes were issued.

Section 15. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 16. Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Governmental Lender or the Fiscal Agent to the Borrower (or such longer period, not to exceed one hundred eighty (180) days after such written notice has been delivered, if the Borrower provides the Governmental Lender and the Fiscal Agent (if the Governmental Lender Notes are outstanding) with an opinion of Special Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series A Governmental Lender Note), then the Fiscal Agent, subject to its rights and protections under the Funding Loan Agreement and the Borrower Loan Agreement and the provisions of Section 9 hereof, and to the extent indemnified pursuant to the provisions of the Funding Loan Agreement, and acting on its own behalf or on behalf of the Governmental Lender, shall declare an "Event of Default" to have occurred hereunder, and, at its option, may, subject to the provisions of the Funding Loan Agreement, take any one or more of the following steps:

(i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Governmental Lender or the Fiscal Agent hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Fiscal Agent shall have the right, in accordance with this Section 16 and the provisions of the Funding Loan Agreement, upon notice to but without the consent or approval of the Governmental Lender, but subject to the Unassigned Rights of the Governmental Lender, to exercise any or all of the rights or remedies of the Governmental Lender hereunder. All fees, costs and expenses of the Fiscal Agent (including, without limitation, reasonable attorneys' fees and expenses) incurred in taking any action pursuant to this Section 16 shall be the sole responsibility of the Borrower.

After the Funding Loan Agreement and the Borrower Loan Agreement have been discharged, or if the Fiscal Agent fails to act under this Section 16, the Governmental Lender may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Fiscal Agent. After the date on which no portion of the Governmental Lender Notes remain outstanding as provided in the Funding Loan Agreement, the Fiscal Agent shall no longer have any duties or obligations under this Regulatory Agreement, and all references to the Fiscal Agent herein shall be deemed references to the Governmental Lender.

Notwithstanding anything contained in this Regulatory Agreement, the Funding Loan Agreement or the Borrower Loan Agreement to the contrary, the occurrence of an Event of Default under this Regulatory Agreement shall not (i) be deemed, under any circumstances whatsoever, to constitute a default under the Financing Documents, except as may be otherwise specified in the Financing Documents or (ii) impair, defeat or render invalid the lien of the Security Instrument.

The rights of the Fiscal Agent under this Section are in addition to all rights conferred upon the Fiscal Agent under the Funding Loan Agreement and the Borrower Loan Agreement and in no way limit those rights.

Section 17. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of San Diego and in such other places as the Governmental Lender may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 18. Payment of Fees. It is anticipated that moneys on deposit in the funds established under the Funding Loan Agreement will be sufficient to pay the Fiscal Agent's and Governmental Lender's costs and expenses. However, to the extent that there are unforeseen and unusual costs and expenses and the moneys in said funds are insufficient therefor, the Borrower hereby agrees to pay all reasonable costs and expenses of the Fiscal Agent and the Governmental Lender in connection with the Governmental Lender Notes and the financing of the Project as such costs and expenses become due and payable upon the receipt of written invoices verifying such costs and expenses.

On the Closing Date, the Borrower shall pay to the Governmental Lender the initial administrative fee of $_____. Thereafter, the Borrower shall pay to the Governmental Lender an annual $_____ until the date the Regulatory Agreement is no longer in effect and a Notice of Release has been recorded by the Governmental Lender.

Notwithstanding any prepayment of the Borrower Loan and notwithstanding a discharge of the Funding Loan Agreement and the Borrower Loan Agreement, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Governmental Lender the Governmental Lender Fee, and, in the event of default, shall also pay to the Governmental Lender and to the Fiscal Agent reasonable compensation for any services rendered by either of them hereunder and reimbursement for all expenses reasonably incurred by either of them in connection therewith. The fee payable to the Governmental Lender referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Governmental Lender's or the Fiscal Agent's enforcement of the provisions of this Regulatory Agreement. The fee payable to the Governmental Lender referenced in this section includes any fee to be paid by the Governmental Lender to any entity which administers the Project.

In the event that the Governmental Lender Notes are prepaid in part or in full prior to the end of the term of this Regulatory Agreement, the Governmental Lender Fee payable to the Governmental Lender for the remainder of the term of this Regulatory Agreement, at the option of the Borrower, shall be paid by the Borrower at the time of the prepayment of the Governmental Lender Notes and shall be a lump sum amount equal to the present value (based on a discount rate equal to the prime rate identified by the Wall Street Journal at the time of redemption) of the Governmental Lender Fee for the number of years remaining under the Regulatory Agreement.

Section 19. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California. Except as expressly provided herein and in the Funding Loan Agreement and the Borrower Loan Agreement, the Fiscal Agent's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Funding Loan Agreement and the Borrower Loan Agreement.

Section 20. Amendments. Except as provided in Section 6(a) hereof, this Regulatory Agreement shall be amended by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Special Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series A Governmental Lender Note.

Section 21. Notice. All notices, certificates or other communications shall be sufficiently given and (except for notices to the Fiscal Agent, which shall be deemed given only when actually received by the Fiscal Agent) shall be deemed given on the date personally delivered or on the second day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

Governmental Lender:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, CA 92101 Attention: Bond Project Manager-Real Estate Department Telephone: (619) 578-7582 Facsimile: (619) 578-7356
Fiscal Agent:	U.S. Bank National Association 633 W. 5th Street, 24th Floor Los Angeles, California 90071 Attention: Corporate Trust Services Telephone: (213) 615-6024 Reference: Bella Vista Apartments Project
Borrower:	Bella Vista Affordable Communities, L.P. c/o Logan Capital Advisors P.O. Box 880367 San Diego, CA 92168 Telephone: (619) 260-5562 Email: ruben@logancapitaladvisors.com
with a copy to:	Cox, Castle & Nicholson LLP 50 California Street, Suite 3200 San Francisco, CA 94111 Attention: Stephen C. Ryan Telephone: (415) 262-5150 Facsimile: (415) 262-5199
and a copy to:	Hessle Aluise and Neun, PC 1100 17th Street, NW, Suite 1100 Washington, DC 20036 Attention: Karen Kramer Telephone: (202) 466-5300

and a copy to:	Casa Familiar 268 West park Avenue San Ysidro, California, 92173 Attention: Lisa Cuestas Telephone: (619) 313-3863
and a copy to:	Duane Morris LLP 750 B Street, Suite 2900 San Diego, California, 92101 Attention: Joshua Summers, Esq. Telephone: (619) 744-2266
Funding Lender:	Citibank, N.A. 388 Greenwich Street, 8th Floor New York, New York 10013 Attention: Transaction Management Group Bella Vista Apartments, Deal ID No. 24101 Facsimile: (212) 723-8209
And to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Bella Vista Apartments, Deal ID No. 24101 Facsimile: (805) 557-0924
prior to the Conversion Date, With a copy to:	Citibank, N.A. 388 Greenwich Street, 8th Floor New York, New York 10013 Attention: Account Specialist Bella Vista Apartments, Deal ID No. 24101 Facsimile: (212) 723-8209
following the Conversion Date, with a copy to:	Citibank, N.A. c/o Berkadia Commercial Servicing Department 323 Norristown Road, Suite 300 Ambler, Pennsylvania 19002 Attention: Client Relations Manager Bella Vista Apartments, Deal ID No. 24101 Facsimile: (215) 328-0305
And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street New York, New York 10013 Attention: General Counsel's Office Bella Vista Apartments, Deal ID No. 24101 Facsimile: (212) 723-8939

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Funding Lender Representative (as long as the Governmental Lender Notes are outstanding). In addition to any other notice required to be given under this Regulatory Agreement, promptly upon determining that a violation of the Regulatory Agreement has occurred, the Governmental Lender or the Fiscal Agent shall, by notice in writing to the Funding Lender Representative, inform the Funding Lender Representative that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured.

Section 22. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 23. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 24. Compliance by Borrower. The Fiscal Agent shall not be responsible for monitoring or verifying compliance by the Borrower with its obligations under this Regulatory Agreement.

Section 25. Personal Obligation of Borrower; Limitations on Recourse to Borrower. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be secured by, or in any manner constitute, a lien on the Project and no person shall have the right to enforce such obligations other than directly against the Borrower without recourse to the Project, and all such obligations shall be subordinate in priority, in right to payment and in all other respects to the obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents. Except as otherwise provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Project shall be liable or obligated for the breach or default of any obligation of any prior owner of the Project (including the Borrower) under this Regulatory Agreement. Such obligations shall be personal to the Person who was the owner of the Project at the time the default or breach was alleged to have occurred, and such Person shall remain liable for any and all damages occasioned by the default or breach even after such Person ceases to be the owner of the Project.

The following obligations of the Borrower shall, subject to the limitations set forth in the preceding paragraph, and Section 16 of this Regulatory Agreement, be and remain the joint and several full recourse obligations of the Borrower and each general partner of the Borrower (other than any nonprofit general partner):

(i) the Borrower's obligations to the Governmental Lender and the Fiscal Agent and the Borrower's obligation to pay any and all rebate amounts that may be owed with respect to the Series A Governmental Lender Note; and

(ii) the Borrower's obligations under Section 7 of this Regulatory Agreement.

Section 26. CDLAC Requirements. The acquisition, rehabilitation, equipping and operation of the Project and the financing thereof are and shall be in compliance with the conditions set forth in Exhibit A to the CDLAC Resolution, a copy of which is attached hereto as Exhibit D, which conditions are incorporated herein by reference and are made a part hereof. The Governmental Lender shall monitor and enforce the Borrower's compliance with the provisions of this Section 26. The Borrower shall prepare and submit to CDLAC on each anniversary of the Closing Date, and on such other date as is reasonably requested by CDLAC, a Certificate of Compliance in substantially the form attached hereto as Exhibit E, executed by an authorized representative of the Borrower. CDLAC shall be a third-party beneficiary of this Regulatory Agreement solely for purposes of enforcing the terms of the CDLAC Resolution. CDLAC shall have the right to enforce the terms of the CDLAC Resolution through an action for specific performance or any other available remedy; provided, however, that CDLAC shall not take any action or enforce any remedy that would be materially adverse to the interests of the Governmental Lender Noteholders and any such action or enforcement shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

Section 27. Damage, Destruction or Condemnation of the Property. In the event that the Property is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the Security Instrument and the other Financing Documents.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Governmental Lender, the Fiscal Agent and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

"GOVERNMENTAL LENDER"

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
[Deborah N. Ruane
Senior Vice President
Real Estate Division]

[*signatures continued on next page*]

"BORROWER"

BELLA VISTA AFFORDABLE COMMUNITIES, L.P.,
a California limited partnership

By: Casa Familiar, Inc.,
a California nonprofit public benefit corporation,
its Managing General Partner

By: _____
Name:
Title:

By: Bella Vista Communities, LLC,
a California limited liability company,
its Co-General Partner

By: Islas Development, LLC,
a California limited liability company,
its Managing Member

By: _____
Name: Ruben Islas
Title: Sole Member

“FISCAL AGENT”

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By:_____
[NAME]
[TITLE]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

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STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION

[TO BE PROVIDED]

EXHIBIT B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, _____, being duly authorized to execute this certificate on behalf of Bella Vista Affordable Communities, L.P., a California limited partnership (the "Borrower"), hereby represents and warrants that:

1. The undersigned has read and is thoroughly familiar with the provisions of the following documents associated with the Borrower's participation in the Housing Authority of the City of San Diego's (the "Governmental Lender") Multifamily Housing Revenue Notes (Bella Vista Apartments) 2017 Series A and 2017 Taxable Series B (the "Governmental Lender Notes"), such documents including:

(a) the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") dated as of August 1, 2017 among the Borrower, the Governmental Lender and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent");

(b) the Multifamily Notes dated the date of the Governmental Lender Notes from the Borrower to the Governmental Lender representing the Borrower's obligation to repay the Borrower Loan.

2. As of the date of this certificate, the following percentages of residential units in the Project (i) are occupied by Very Low Income Tenants and Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant and Low Income Tenant vacated such unit; as indicated:

		Studio	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**Total**
Occupied by Very Low Income Tenants:	___ % Unit Nos.:	_____	____	____	____	____
Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:	___ % Unit Nos.:	_____	____	____	____	____

		Studio	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**Total**
Occupied by Low Income Tenants:	___ % Unit Nos.:	_____	____	____	____	____
Held vacant for occupancy continuously since last occupied by a Low Income Tenant:	___ % Unit Nos.:	_____	____	____	____	____

3. The Borrower hereby certifies that the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

BELLA VISTA AFFORDABLE COMMUNITIES, L.P.,
a California limited partnership

By: Casa Familiar, Inc.,
a California nonprofit public benefit corporation,
its Managing General Partner

By: _____
Name:
Title:

By: Bella Vista Communities, LLC,
a California limited liability company,
its Co-General Partner

By: Islas Development, LLC,
a California limited liability company,
its Managing Member

By: _____
Name: Ruben Islas
Title: Sole Member

EXHIBIT C

INCOME COMPUTATION AND CERTIFICATION

TENANT INCOME CERTIFICATION

☐ Initial Certification ☐ Recertification ☐ Other _____

Effective Date: _____
Move-In Date: _____
(MM-DD-YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ TCAC# CA-_____ BIN #: _____

Address: _____ Unit Number: _____ # Bedrooms: _____ Square Footage: _____

PART II. HOUSEHOLD COMPOSITION

☐ Vacant (Check if unit was vacant on December 31 of the Effective Date Year)

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	$	$	$	$

Add totals from (A) through (D), above TOTAL INCOME (E): $

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
		TOTALS:	$	$

Enter Column (H) Total If over $5000 $_____ X Passbook Rate 2.00% = (J) Imputed Income $

Enter the greater of the total of column I, or J: imputed income **TOTAL INCOME FROM ASSETS (K)** $

(L) Total Annual Household Income from all Sources [Add (E) + (K)] $

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature	*(Date)*	Signature	*(Date)*
Signature	*(Date)*	Signature	*(Date)*

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1 $

Unit Meets Federal Income Restriction at: ☐ 60% ☐ 50%

Current Federal LIHTC Income Limit x 140%: $

Unit Meets Deeper Targeting Income Restriction at: ☐ Other _____%

Household Income exceeds 140% at recertification: ☐ Yes ☐ No

Current Federal LIHTC Income Limit per Family Size: $

Household Income as of Move-in: $

Household Size at Move-in:

PART VI. RENT

Tenant Paid Monthly Rent $

Monthly Utility Allowance $

Monthly Rent Assistance: $

Other Monthly non-optional charges: $

GROSS MONTHLY RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges) $

Unit Meets Federal Rent Restriction at: ☐ 60% ☐ 50%

Unit Meets Deeper Targeting Rent Restriction at: ☐ Other: _____%

Maximum Federal LIHTC Rent Limit for this unit: $

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes ☐ no

If yes, Enter student explanation* (also attach documentation)

Enter 1-5

*Student Explanation:

1 AFDC / TANF Assistance
2 Job Training Program
3 Single Parent/Dependent Child
4 Married/Joint Return
5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐	b. HOME ☐	c. Tax Exempt ☐	d. AHDP ☐	e. _____ ☐ (Name of Program)
See Part V above.	*Income Status*	*Income Status*	*Income Status*	*Income Status*
	☐ ≤ 50% AMGI	☐ 50% AMGI	☐ 50% AMGI	☐ _____
	☐ ≤ 60% AMGI	☐ 60% AMGI	☐ 80% AMGI	☐ OI**
	☐ ≤ 80% AMGI	☐ 80% AMGI	☐ OI**	
	☐ OI**	☐ OI**		

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE _____ DATE _____

PART IX. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled
1						
2						
3						
4						
5						
6						
7						

The Following Race Codes should be used:

1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as "Haitian" or "Negro" apply to this category.
3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
6 – Other
7 – Did not respond. **(Please initial below)**

Note: *Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 41 – Asian & White, etc.*

The Following Ethnicity Codes should be used:

1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as "Latino" or "Spanish Origin" apply to this category.
2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
3 – Did not respond. **(Please initial below)**

Disability Status:

1 – Yes
If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):

- A physical or mental impairment which substantially limits one or more major life activities: a record of such an impairment; or being regarded as having such an impairment. For a definition of "physical or mental impairment and other terms used, please see 24 CFR 100.201, available at http://www.fairhousing.com/index.cfm?method=page.display&pageID=465.
- "Handicap" does not include current, illegal use of or addiction to a controlled substance.
- An individual shall not be considered to have a handicap solely because that individual is a transvestite.

2 – No
3 – Did not respond **(Please initial below)**

☐ **Resident/Applicant:** I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____ _____ _____ _____ _____ _____ _____
(HH#) 1. 2. 3. 4. 5. 6. 7.

EXHIBIT D

RESOLUTION NO. 16-127
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A

[TO COME]

EXHIBIT E

CDLAC COMPLIANCE CERTIFICATE

Project Name: Bella Vista Apartments

Name of Bond Issuer: Housing Authority of the City of San Diego

CDLAC Application No.: 16-491

Pursuant to Section 13 of Resolution No. 16-127 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on September 21, 2016, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution and Resolution No. 16-127 of the Committee.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Governmental Lender Notes are issued, the terms and conditions set forth in the Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated The minimum specifications into the project design for all new construction and rehabilitation projects as evidenced by attached the applicable thirty party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of the Governmental Lender Notes.

_____ For projects that received points for exceeding the minimum requirements please attach the appropriate Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

_____ _____

Signature of Officer Date

_____

Printed Name of Officer

_____

Title of Officer

_____

Phone Number

STRADLING YOCCA CARLSON & RAUTH, P.C.
660 NEWPORT CENTER DRIVE, SUITE 1600
NEWPORT BEACH, CA 92660-6422
SYCR.COM

CALIFORNIA
NEWPORT BEACH
SACRAMENTO
SAN DIEGO
SAN FRANCISCO
SANTA BARBARA
SANTA MONICA
COLORADO
DENVER
NEVADA
RENO
WASHINGTON
SEATTLE

BRADLEY R. NEAL
949.725.4164
BNEAL@SYCR.COM

June 7, 2017

To: Housing Authority of the City of San Diego

From: Bradley R. Neal, Stradling Yocca Carlson & Rauth, Bond Counsel

Re: Memorandum of Blanks – Bella Vista Apartments

The structure known as a "back-to-back tax-exempt loan structure" is being proposed for financing the acquisition and rehabilitation of the multifamily housing project consisting of 170 units plus one manager's unit located 4742 Solola Avenue (Project). Under the back-to-back loan structure, if the Housing Authority of the City of San Diego (Authority) adopts the resolution authorizing the tax-exempt debt proposed to be issued by the Authority (Resolution) in the form of a "Governmental Lender Note" pursuant to a Funding Loan Agreement, by and among the Authority, Citibank, N.A. (Citibank) and Wilmington Trust, National Association, as Fiscal Agent (Fiscal Agent), Citibank will loan the Authority the amount authorized to finance the Project (Governmental Loan), and the Authority will in turn loan Bella Vista Affordable Communities, L.P., a California limited partnership (Borrower) the amount of the Governmental Loan (Project Loan, and together with the Governmental Loan, Loan) pursuant to the Borrower Loan Agreement, by and between the Authority and the Borrower. The Borrower will own the Project. It is expected the back-to-back loan will close on or about July 28, 2017.

The primary legal documents for the Loan that are referenced in the Resolution currently contain a number of blanks that are related to the aggregate principal amount of the Loan and the initial installment of the principal amount of the Loan, various dates and other matters. Many of the blanks will be determined upon the final underwriting by Citibank, the funding lender, which will be completed closer to the Loan closing date.

The following table sets forth a summary of the blanks in the primary legal documents for the Loan referenced in the Resolution, and described when, and by whom, the information will be provided in order to fill in the blanks. Capitalized terms used below have the meanings given to them in the related document.

Document	Location of Blank	When Completed	Responsible Party
Funding Loan Agreement	Section 1.01 – Definitions		
	• Authorized Amount	Prior to Closing	Citibank
	• Borrower Loan Amount	Prior to Closing	Citibank
	• Closing Date	Prior to Closing	Authority, Borrower, Citibank
	• Series A-1 Borrower Note amount	Prior to Closing	Citibank
	• Series A-2 Borrower Note amount	Prior to Closing	Citibank
	• Series A-1 Governmental Lender Note amount	Prior to Closing	Citibank
	• Series A-2 Governmental Lender Note amount	Prior to Closing	Citibank
	Section 2.1 - Terms		
	• Various dollar amounts and date Funding Loan must be drawn down without a Tax Counsel Opinion	Prior to Closing	Borrower, Citibank, Bond Counsel
	Section 12.1 - Notices		
	• Various addresses and contact information	Prior to Closing	Borrower
	Exhibit A – Form of Governmental Lender Note		
	• Various dates and dollar amounts	Prior to Closing	Completion of above-listed blanks will allow Bond Counsel to complete blanks in the Form of the Governmental Lender Note
	Exhibit B – Form of Required Transferee Representations		
	• Various dates and dollar amounts	Prior to Closing	Completion of the above-listed blanks will allow Bond Counsel to complete these various blanks
Borrower Loan Agreement	Section 1.1 – Definitions		
	• Borrower Loan Amount	Prior to Closing	Citibank
	• Closing Date	Prior to Closing	Authority, Borrower, Citibank

Document	Location of Blank	When Completed	Responsible Party
	• Funding Loan amount	Prior to Closing	Citibank
	• Interim Phase Amount	Prior to Closing	Citibank
	• Date of Partnership Agreement	Prior to Closing	Borrower
	• Series A-1 Borrower Note amount	Prior to Closing	Citibank
	• Series A-2 Borrower Note amount	Prior to Closing	Citibank
	• Series A-1 Governmental Lender Note amount	Prior to Closing	Citibank
	• Series A-2 Governmental Lender Note amount	Prior to Closing	Citibank
	• Subordinated Debt amount	Prior to Closing	Citibank
	Section 10.1 - Notices		
	• Various addresses and contact information	Prior to Closing	Borrower
Regulatory Agreement and Declaration of Restrictive Covenants	Recitals – original Regulatory Agreement information, original CDLAC Resolution information	Prior to Closing	Citibank, Bond Counsel, Authority
	Section 1 – Definitions and Interpretation		
	• Closing Date	Prior to Closing	Authority, Borrower, Citibank
	• Governmental Lender Fee	Prior to Closing	Citibank, Authority, Bond Counsel
	Section 18- Payment of Fees		
	• Administrative fee and annual fee amounts	Prior to Closing	Citibank, Authority, Bond Counsel
	Exhibit A – Legal Description of Site	Prior to Closing	Title Company and Borrower
	Exhibit B– Certificate of Continuing Program Compliance		
	Authorized signer	Prior to Closing	Borrower
	Occupancy of Units	Prior to Closing	Borrower
	Exhibit D – Resolution No. 16-127	Prior to Closing	Authority, Bond Counsel