SAN DIEGO HOUSING COMMISSION

SDHC

**ITEM 4**

# REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

**DATE ISSUED:** May 19, 2020 **REPORT NO**: HAR20-022

**ATTENTION:** Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of June 16, 2020

**SUBJECT:** Final Bond Authorization for Courthouse Commons

**COUNCIL DISTRICT:** 3

## REQUESTED ACTION

Authorize the issuance of Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds to fund the development of Courthouse Commons, which will consist of 82 units, 41 of which will be affordable rental housing units located at 202 West Broadway, San Diego, CA 92101, that will remain affordable for 55 years.

## STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to $24,000,000 in Housing Authority tax-exempt Multifamily Housing Revenue Notes to fund the development of Courthouse Commons, which will consist of 82 units, 41 of which will be affordable rental housing units located at 202 West Broadway, San Diego, CA 92101, that will remain affordable for 55 years..

## SUMMARY

A development summary is included as Attachment 1.

**Table 1 – Development Details**

| | |
|---|---|
| Address | 220 West Broadway, San Diego, CA 92101 |
| Council District | 3 |
| Community Plan Area | Civic Core |
| Development Type | New Construction |
| Construction Type | Type I |
| Stories | 37 (8 retail/office levels, 29 residential levels) |
| Parking Type | 670 total Subterranean spaces; 589 residential and 81 commercial |
| Housing Type | Mixed Use |
| Lot Size | Approximately 1.25 acres, 54,647 square feet |
| Units | 82 total |
| Density | 344 dwelling units per acre |
| Affordable Unit Mix | 7 Studio<br>18 one-bedroom units<br>14 two-bedroom units<br>2 three-bedroom units |
| Market Rate Unit Mix | 9 Studio units<br>31 one-bedroom units<br>1 two-bedroom units<br>0 three-bedroom units |
| Gross Building Area | 91,237 square feet |
| Net Rentable Area | 66,423 square feet |

The Development

Courthouse Commons is one component of a proposed mixed-use development located at 220 West Broadway, San Diego, CA 92101, that will be composed of 431 rental units, retail and office space (Attachment 2 – Site Map). The 445-foot tall, 37-story high-rise tower (floors 1 – 8 office and retail floors 9 – 37 residential) will have 235,000 rentable square feet of office space, 17,000 square feet of retail space, and five levels of shared subterranean parking. Amenities include rooftop lounge with pool and spa, outdoor terrace, outdoor deck with cooking, dining, and gathering space, dog run and fitness center. Shared amenities space has been incorporated in the eighth floor of the building so both residential and office tenants can access them.

The developer has an executed Disposition and Development Agreement (DDA) and Purchase and Sale Agreement with San Diego County for the purchase and development of County-owned land at the project site. The site is currently home to the former San Diego County Courthouse and jail. The former courthouse building on the site has been demolished and the site is currently vacant.

Project Sustainability

Courthouse Commons will comply with the California Tax Credit Allocation Committee's (TCAC) minimum energy efficiency standards.

Development Team

Courthouse Commons will be co-owned by an affiliate of Holland Partner Group (HPG) and an affiliate of North America Sekisui House (NASH). The development will be constructed by HPG's affiliate Holland Construction. HPG and NASH will also serve as the tax credit investor; a to-be-formed limited partnership will own and control Courthouse Commons. Statements for public disclosure for HPG and NASH are included in Attachment 3.

Founded in 2001, HPG, based in Vancouver, Washington, is a real estate investment company. Current assets under management and development represent approximately $12 billion in 50,000 apartment units across the western United States. The development of Courthouse Commons will be managed by HPG's Southern California office, which currently has eight developments composed of more than 2,500 units in various stages of development.

NASH is wholly owned company of Sekisui House, LTD, one of Japan's largest single-family homebuilders. Founded in 1960, Sekisui House is a publicly traded company and has built millions of homes worldwide.

**Table 2 - Development Team Summary**

| ROLE | FIRM/CONTRACT |
|---|---|
| Developer | Holland Development LLC |
| General Partner | To be determined |
| Limited Partner | 220 W Broadway Development Partners, L.P. & 220 W Broadway Market Rate 2, LLC |
| General Contractor | Holland Construction, Inc. |
| Architect | Carrier Johnson |
| Property Management | Holland Residential LLC<br>AHA/PA-Project Access |

Financing Structure

Courthouse Commons has an estimated total development costs of $40.8 million. Financing will include a combination of tax-exempt Multifamily Housing Revenue Notes, 4 percent tax credits, and a developer equity contribution.

No San Diego Housing Commission (Housing Commission) loan proceeds will be provided to this development.

Estimated permanent sources and uses of financing are provided in Table 3. The developer's project pro forma is provided as Attachment 5.

**Table 3 – Courthouse Commons Estimated Sources and Uses of Financing**

| Permanent Financing Sources | Amounts | Permanent Financing Uses | Amounts |
|---|---|---|---|
| Permanent Loan | $21,000,000 | Acquisition Costs | $196,370 |
| Developer Equity | $19,852,950 | Construction Costs | $30,252,664 |
| | | Architectural & Engineering | $1,105,152 |
| | | Construction Loan Interest & Fees | $4,002,904 |
| | | Contingency | $1,540,367 |
| | | Other project costs (Impact Fees, etc.,) | $1,648,458 |
| | | Developer Fee | $776,915 |
| | | Other Costs | $883,735 |
| | | Reserves | $446,385 |
| **Total Development Cost** | **$40,852,950** | **Total Development Cost** | **$40,852,950** |

Developer Fee
The net cash developer fee shall be $766,915 provided, however, that in the event financing terms or construction costs change and result in a financing gap, the developer may defer developer fee.

On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (Report No. HAR17-011; Resolution No. HA-1727)). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: "Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis…." The developer is proposing a $766,915 total developer fee, which complies with HAR17-011. The proposed fee is in conformance with the "Request for Approval of Updated Developer Fees" guidelines approved by the Housing Authority on April 25, 2017.

Prevailing Wages
The structure of the purchase agreement with the County requires the payment of state prevailing wages for this development.

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 | $40,852,950 ÷ 82 units = | $498,206 |
| Land Cost Per Unit | $196,370 ÷ 82 units = | $30,162 |
| Gross Building Square Foot Hard Cost | $40,852,950 ÷ 91,237 sq. ft. = | $448 |
| Net Rentable Square Foot Hard Cost | $40,852,950 ÷ 66,423 sq. ft. = | $615 |

**Development Cost Per Unit and Square Foot Hard Costs based on estimate of total costs associated with residential portion of development and prorated hard costs.*

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable 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 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 the same construction type.

**Table 5 – Comparable Development Projects**

| Project Name | Year | Construction Type | Units | Total Development Cost (Residential) | Cost Per Unit | HC Subsidy Per Unit. | Gross Hard Cost Per Sq.Ft. |
|---|---|---|---|---|---|---|---|
| Subject – Courthouse Commons | 2020 | I | 82 | $40,852,950 | $498,206 | $0 | $448 |
| Atmosphere I | 2014 | I | 100 | $40,367,519 | $403,675 | $30,000 | $330 |
| Park & Market | 2017 | I | 427 | $235,000,000 | $550,351 | $0 | $354 |
| Ten Fifty B | 2010 | I | 229 | $88,682,000 | $387,258 | $0 | $447 |

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing 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 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 do not obligate the Housing Authority to issue bonds.

The developer was awarded a CDLAC bond allocation of $24,000,000. The developer proposes to have the Housing Authority issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all 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 developer proposes that the bonds will be used to provide construction and permanent financing for acquisition and construction of the Project. 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.

## AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, Courthouse Commons would restrict 20 percent of its units to households with incomes at or below 50 percent of San Diego Area Median Income (AMI). The remaining 80 percent of the units will be market rate. The affordable units will be restricted for a 55-year term. Table 6 summarizes the affordability:

**Table 6 – Courthouse Commons Affordability & Monthly Estimated Rent Table**

| Unit Type | AMI | Number of Units | Maximum Net Rents |
|---|---|---|---|
| Studio | 50% | 7 | $898 |
| Studio | Market | 9 | Market |
| 1-bedroom | 50% | 18 | $958 |
| 1-bedroom | Market | 31 | Market |
| 2-bedroom | 50% | 14 | $1,146 |
| 2-bedroom | Market | 1 | Market |
| 3-bedroom | 50% | 2 | $1,320 |
| 3-bedroom | Market | 0 | Market |
| **TOTAL Units** | | **82** | |

Development Schedule
The estimated development timeline is as follows.

| Milestones | Estimated Dates |
|---|---|
| • Housing Commission final bond authorization | • June 2020 |
| • Housing Authority final bond authorization | • June 2020 |
| • Estimated bond issuance and escrow closing | • September 2020 |
| • Estimated start of construction work | • April 2022 |
| • Estimated completion of construction work | • April 2024 |

**FISCAL CONSIDERATIONS**
The proposed funding sources and uses approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2020 Housing Commission Budget. Approving this action will not affect the FY 2020 total budget.

Funding sources approved by this action will be as follows:
Bond Issuance Fees - $60,000 (.0025 bond issuer fee x $24,000,000)

Funding uses approved by this action will be as follows:
Administration Costs - $60,000

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds 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 developer is responsible for the payment of all costs under the financing, including the Housing Commission annual administrative fee, as well as Housing Commission Bond Council and Financial Advisor fees.

**COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

As required by the Housing Commission Bonds Program, the developer presented their proposal for Courthouse Commons to the Downtown Community Planning Council on May 15, 2020, and it was unanimously approved. This approval is required prior to requesting authorization of final bond related approvals.

**KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include Holland Partner Group, North America Sekisui House, County of San Diego, the City of San Diego, and the Civic Core Community. Development of the property is expected to have a positive impact on the community because it will redevelop the site and provide affordable housing opportunities to future tenants.

**ENVIRONMENTAL REVIEW**

In accordance with Sections 15168 and 15180 of the CEQA Guidelines, the potential impacts associated with future development within the Downtown are addressed in the Downtown FEIR and the CAP FEIR. These documents address the potential environmental effects of future development within Downtown based on build-out forecasts projected from the land use designations, density bonus, and other policies and regulations governing development intensity and density. Based on this analysis, the Downtown FEIR and the CAP FEIR, as listed in Section 6 above, concluded that development would result in significant impacts. The Downtown FEIR and the CAP FEIR are "Program EIRs" prepared in compliance with California Environmental Quality Act (CEQA) Guidelines Section 15168. The aforementioned environmental documents are the most recent and comprehensive environmental documents pertaining to the proposed Project. The Downtown FEIR is available for review at the offices of the Civic San Diego ("CivicSD") located at 401 B Street, Suite 400, San Diego, CA 92101 or at the CivicSD website at http://civicsd.com/departments/planning/environmental-documents. The CAP FEIR is available at the offices of the City of San Diego Planning Department located at 1010 Second Avenue, Suite 1200, San Diego, CA 92101 or on the City of San Diego website. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

Respectfully submitted,

Colin Miller

Colin Miller
Vice President, Multifamily Housing Finance
Real Estate Division

Approved by,

Jeff Davis

Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

Attachments:
1) Development Summary
2) Site Map
3) Developer Disclosure Statements
4) Developer's Project Pro forma
5) Multifamily Housing Revenue Bond Program
6) Financial Analyst Report

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org

**Attachment 1**

**Table 1 – Development Details**

| | |
|---|---|
| Address | 220 West Broadway, San Diego, CA 92101 |
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| Parking Type | 670 total Subterranean spaces; 589 stalls residential and 81 commercial |
| Housing Type | Mixed Use |
| Lot Size | Approximately 1.25 acres, 54,647 square feet |
| Units | 82 total residential units |
| Density | 344 dwelling units per acre |
| Affordable Unit Mix | 7 Studio<br>18 one-bedroom units<br>14 two-bedroom units<br>2 three-bedroom units<br>41 total affordable units |
| Market Rate Unit Mix | 9 Studio units<br>31 one-bedroom units<br>1 two-bedroom units<br>0 three-bedroom units<br>41 total market-rate units |
| Gross Building Area | 91,237 square feet |
| Net Rentable Area | 66,423 square feet |

**Table 2 - Development Team Summary**

| **ROLE** | **FIRM/CONTRACT** |
|---|---|
| Developer | Holland Development LLC |
| General Partner | To be determined |
| Limited Partner | 220 W Broadway Development Partners, L.P. & 220 W Broadway Market Rate 2, LLC |
| General Contractor | Holland Construction, Inc. |
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| | | Construction Loan Interest & Fees | $4,002,904 |

| | | | |
|---|---|---|---|
| | | Contingency | $1,540,367 |
| | | Other project costs (Impact Fees, etc.,) | $1,645,458 |
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**Development Cost Per Unit and Square Foot Hard Costs based on estimate of total costs associated with residential portion of development and prorated hard costs.*

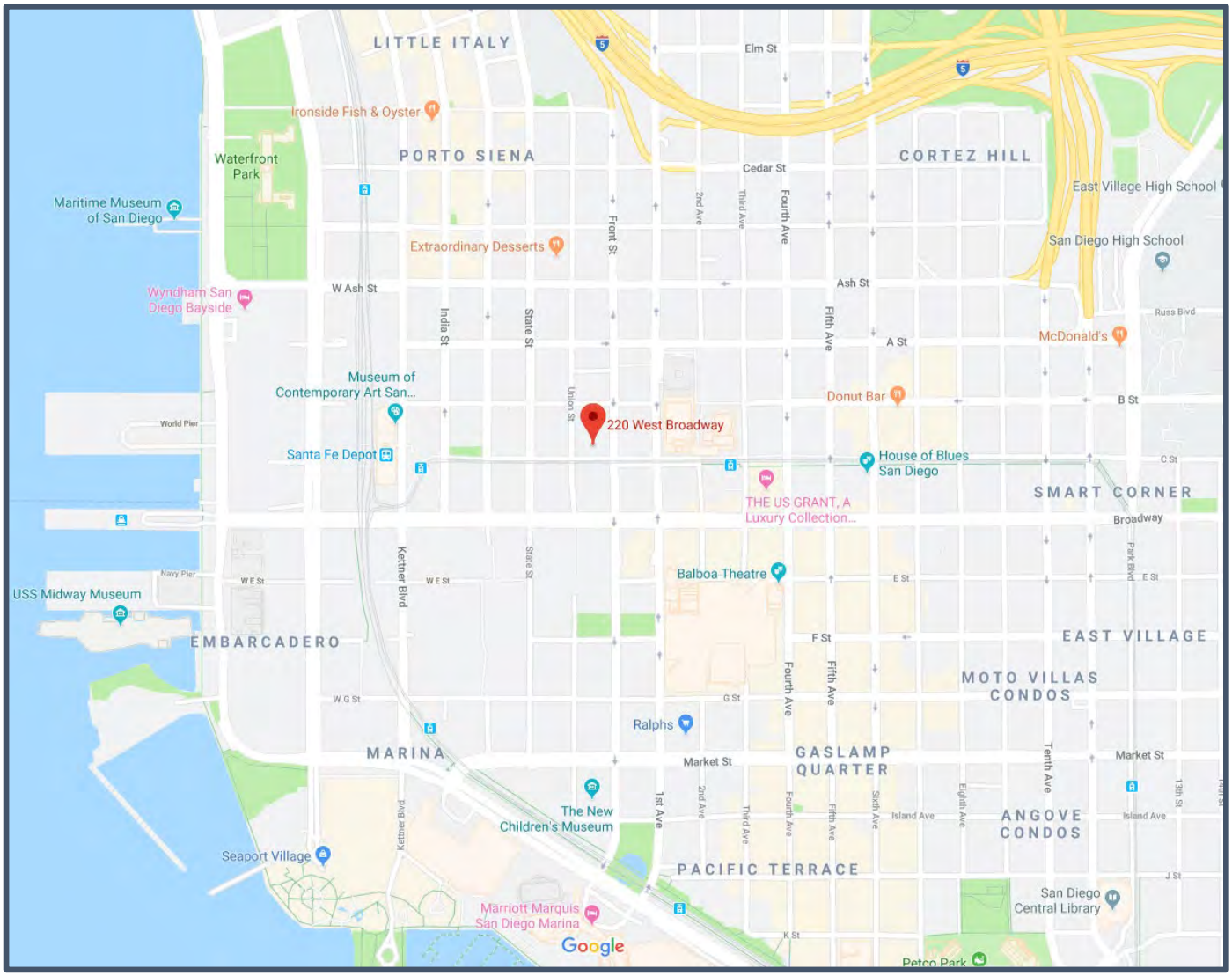
**Table 5 – Comparable Rehabilitation Projects**

| Project Name | Year | Construction Type | Units | Total Development Cost (Residential) | Cost Per Unit | HC Subsidy Per Unit. | Gross Hard Cost Per Sq.Ft. |
|---|---|---|---|---|---|---|---|
| Subject – Courthouse Commons | 2020 | I | 82 | $40,852,950 | $498,206 | $0 | $448 |
| Park & Market | 2017 | I | 426 | $237,979,974 | $558,638 | $0 | $425 |
| Atmosphere I | 2014 | I | 100 | $40,367,519 | $403,675 | $30,000 | $330 |
| Ten Fifty B | 2010 | I | 229 | $88,682,000 | $387,258 | $0 | $447 |

**Table 6 – Affordability & Monthly Estimated Rent Table**

| **Unit Type** | **AMI** | **Number of Units** | **Maximum Net Rents** |
|---|---|---|---|
| Studio | 50% | 7 | $898 |
| 1-bedroom | 50% | 18 | $958 |
| 2-bedroom | 50% | 14 | $1,146 |
| 3-bedroom | 50% | 2 | $1,320 |
| **Affordable Unit Subtotal** | | **41** | |
| Studio | Market | 9 | Market |
| 1-bedroom | Market | 31 | Market |
| 2-bedroom | Market | 1 | Market |
| 3-bedroom | Market | 0 | Market |
| **Market Rate Unit Subtotal** | | **41** | |
| **TOTAL Units** | | **82** | |

Attachment 2



**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/**
**ENTITY SEEKING GRANT/BORROWERS**
**(Collectively referred to as "CONTRACTOR" herein)**
**Statement for Public Disclosure**

**1.** Name of CONTRACTOR: **Holland Development, LLC, a Washington limited liability company**

**2.** Address and Zip Code: **5000 E. Spring Street, Suite 500, Long Beach, CA 90815**

3. Telephone Number: (**562) 285-5301 Office (206) 465-4569 Cell**

4. Name of Principal Contact for CONTRACTOR: **Thomas D. Warren**

5. Federal Identification Number or Social Security Number of CONTRACTOR: **26-3377579**

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)

**CONTRACTOR is a limited liability company domesticated in the State of Washington. Its Certificate of Formation and amendment to the certificate changing name from Holland Development I, LLC to Holland Development LLC are attached as Exhibit A. CONTRACTOR is registered to conduct business in the State of California. A copy of its California Certificate of Registration is also included in Exhibit A.**

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

**CONTRACTOR was organized on September 11, 2008 (See Exhibit A).**

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.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.
c. 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.
d. 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)

**CONTRACTOR is managed by an affiliated company, Holland Partner Group Management, Inc. ("HPG Management"). The relationship is visualized on the organizational chart attached as Exhibit B.**

**The beneficial owners of CONTRACTOR and HPGI are:**

| **Name** | **Address** | **Ownership of CONTRACTOR** | **Ownership of HPGI** |
|---|---|---|---|
| Clyde Holland* | 1111 Main Street, Suite 700<br>Vancouver, WA 98660 | 99% | 100% |
| Rena Holland* | 1111 Main Street, Suite 700<br>Vancouver, WA 98660 | 1% | 0% |
| *Note: Clyde and Rena Holland are married. | | | |

**CONTRACTOR is a "manager-managed" limited liability company. Its manager, HPG Management, is governed by an Executive Committee. The names of the members of the Executive Committee and the titles of each member are set forth in Exhibit C.**

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 changes in last twelve (12) months.**

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 changes are anticipated within next twelve (12) months or otherwise.**

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):

**There are no such persons or entities.**

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:

**The names, addresses and telephone numbers of the members of the executive committee and of the officers of HPG Management are set forth below:**

| Name | Member Executive Committee? | Title | Address | Telephone |
|---|---|---|---|---|
| Clyde Holland | Yes | Chairman of the Board, Chief Executive Officer and President | 1111 Main Street, Suite 700<br>Vancouver, WA 98660 | (360) 992-7442 |
| Rena Holland | No | Executive Vice President | 1111 Main Street, Suite 700<br>Vancouver, WA 98660 | (360) 992-7442 |
| Josh Lloyd | Yes | President of Property Management | 1111 Main Street, Suite 700<br>Vancouver, WA 98660 | (734) 717-6756 |
| Mark Bates | Yes | Executive Managing Director and Chief Financial Officer; Secretary; and Chairman of the Investment Committee | 1111 Main Street, Suite 700<br>Vancouver, WA 98660 | (360) 200-6547 |
| Sam Giannini | Yes | Senior Vice President of Field Operations | 1111 Main Street, Suite 700<br>Vancouver, WA 98660 | (503) 572-2804 |
| Joel S. Kaplan | Yes | Assistant Secretary | 1675 SW Marlow Ave., Suite 404<br>Portland, OR 97225 | (971) 285-4260 |
| Tom Parsons | Yes | President of Development | 1000 Dexter Ave N., Suite 201<br>Seattle, WA 98109 | (206) 430-5965 |
| Judy Schneider | Yes | Executive Managing Director, Resource Management | 1111 Main Street, Suite 700<br>Vancouver, WA 98660 | (360) 992-7453 |
| Thomas D. Warren | Yes | Executive Managing Director of Development, Southern California | 5000 E. Spring Street, Suite 500<br>Long Beach, CA 90815 | (206) 465-4569 |
| John Wayland | Yes | Executive Managing Director of Development, Northern California | 4301 Hacienda Drive, Suite 250<br>Pleasanton, CA 94588 | (925) 226-2466 |

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.

**See the affiliated entities See the affiliated entities in the organization chart (Exhibit B). Each entity in the organization chart is managed by HPG Management per the above list of officers.**

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.

**CONTRACTOR'S affiliate, Holland Partner Group Investments, LLC, a Washington limited liability company ("HPG Investments"), provides financing for projects undertaken by CONTRACTOR. Attached as Exhibit D is the Statement of Net Worth and Liquidity of HPG Investments at December 31, 2018. HPG Investments does not prepare a profit and loss statement, although certain of its affiliates do.**

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 tentative plan for financing the project is summarized as follows:**

- **The project will be owned by a joint venture (either a limited partnership or limited liability company, to be determined) owned by two partners: (a) an affiliate of CONTRACTOR and (b) an affiliate of North America Sekisui House, LLC ("NASH"). NASH is wholly owned by Sekisui House, LTD ("SHL"), which is a public company in Japan and the largest developer of single family housing in that country.**
- **All or substantially all of the costs of the residential portion of the project will be financed with 80/20 tax exempt bonds. Credit enhancement will be supplied by a letter of credit from an appropriately rated financial institution. The letter of credit will be backed by NASH and/or SHL. Any costs of the residential portion not financed with the bonds will be funded with equity provided by the joint venture.**
- **The project will quality for 4% Low Income Housing tax credits. The tax credit will not be sold to an investor. Instead, CONTRACTOR and NASH will use the tax credits in their own tax returns as and when available.**
- **The office portion of the project will be financed by the joint venture with equity contributed by CONTRACTOR and NASH.**

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

**The funding required to meet CONTRACTOR'S equity requirement will come from two sources:**

- **CONTRACTOR's affiliate, HPG Investments, will supply ten percent (10%) of the required equity. HPG Investment's Statement of Net Worth and Liquidity are included as Exhibit D.**

- **NASH will supply ninety percent (90%) of the required equity. NASH is wholly owned by SHL, whose public company financial statement are publicly available.**

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

    **Tyler Lowry**
    **PNC Bank**
    **575 Market Street, 28th Floor**
    **Mailstop XX-XMSF-28-1**
    **San Francisco, CA 94105**

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:

    **Please refer to Exhibit E.**

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:

    **Holland Construction, Inc., a Washington corporation ("HCI"), an affiliate of CONTRACTOR, will serve as the general contractor. HCI's address is 1111 Main Street, Suite 700, Vancouver, WA 98111. HCI's Southern California office is located at 5000 East Spring Street, Suite 500, Long Beach, CA 90815.**

    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: $ 3,000,000,000

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. (Attach extra sheet if necessary)

Please refer to Exhibit F

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

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

| Awarding Agency | Amount | Date Opened |
|---|---|---|

**NONE**

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:

**Holland Construction, Inc. ("HCI") is a full service general contracting firm, specializing in multi-family and commercial construction activities, while operating in an owner-builder model. Its operations are supported by a team of approximately 190 industry leading construction professionals, located in its five operating regions of Denver, Northern CA, Portland, Seattle and Southern CA. Several of its Executive team members have in excess of 20 years' operating in the model. HCI subcontracts the work to a prequalified team of subcontractors in each of its regions. It leads all preconstruction planning, design and document control activities in the owner-builder model, then followed by well managed construction activities. Through an affiliate, Holland Construction Management, LLC, it also provides construction management services in the owner-builder project delivery model.**

**HCI's current annual in-place revenues are projected to be in excess of S400M in the near term years (plus CM project oversight in excess of SIOOM per year.) Its current GC backlog of contracted work yet to be performed is approximately $2.0B, plus CM related construction management. Its current net worth is approximately S13.5M.**

**HCI has substantial experience in the construction of residential properties. Since 2011, HCI has completed construction of 29 residential projects with a total of 6,466 units, have another 13 projects with a total of 4,658 units under construction and another 13 projects with a total of 3,331 units under pre-construction activities. It has also constructed a 150,000 sf office building and a 320,000 sf warehouse distribution facility in this time period. Many of its tenured staff have equal or greater experience in commercial construction, while also in an owner-builder model.**

**HCI was recently named the 7th largest apartment general contractor by the National Multifamily Housing Council. As a result of its 2014 in place production, it ranked number 180 in the nationally ranked ENR Top 400 Contractors and number 39 in the ENR Top 100 Green Contractors.**

**HCI has NEVER failed to complete the construction of a project.**

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), 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 SDHC, 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:

**Please refer to the response provided for Item 22.**

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 coverage's: List the amount of coverage (limits) currently existing in each category:

**CONTRACTOR'S INSURANCE AGENT:**

**Lockton Companies**
**8110 E. Union Ave., Suite 700**
**Denver, CO 80237**
**Attn: Matt Goss (303) 414-6215**

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:
   **Please refer to Exhibit G for a copy of an Insurance Certificate naming San Diego Housing Commission as additional insured.**

   ☒ 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)]

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

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

c. 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 SDHC setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, 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 SDHC, 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 SDHC 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 Complaint** | **Date** | **Resolution** |
|---|---|---|
| **NONE** | | |

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?

☐ Yes ☒ No

If yes, please explain, in detail,

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)** |
|---|---|---|---|---|---|
| State of California Contractor's State License Board | Class B | 944880 | 3/25/2010 | Current | 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 SDHC.

    **NONE**

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 SDHC.

    CONTRACTOR and its affiliates have substantial experience in the development, construction, operating and management of residential properties. Since 2011, CONTRACTORS and its affiliates, have completed construction of 43 residential projects with a total of 11,660 units, have another 11 projects with a total of 3,624 units under construction and another 9 projects with a total of 2,872 units under preconstruction activities. It has also constructed a 660,694 sf office building and a 320,795 sf warehouse distribution facility in this time period. Many of its tenured staff have equal or greater experience in commercial construction, while also in an owner-builder model.

    CONTRACTOR and its affiliates have successful financed construction of 14 residential projects and two office projects with NASH. The two firms have a healthy working relationship that will benefit this project.
    CONTRACTOR's affiliated group of companies was recently named the 8th largest apartment developer and 7th largest apartment general contractor by the National Multifamily Housing Council.
    CONTRACTOR and its affiliates have NEVER failed to close on the purchase of land after going hard on deposits and have NEVER failed to complete the construction of the project.

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

    **NONE [Shouldn't this list Park & Market?]**

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)?

**Proposed subcontractors have not been identified.**

☐ 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 that would be familiar with your previous construction project:

**Name: Michael Johnson**
**Address: 1301 3rd Ave. San Diego, CA 92101**
**Phone: (619) 239-2353**
**Project Name and Description: 15th & Market. This is a 235 unit multifamily project located in East Village neighborhood in downtown San Diego.**

**Name: Clint Walker**
**Address: 17752 Metzler Ln. Huntington Beach, CA 92647**
**Phone: (714) 709-6131**
**Project Name and Description: Bella Terra, 1111 Wilshire, La Brea Gateway**

**Name: Jim Gates**
**Address: 232 E Arrow HWY San Dimas, CA 91773**
**Phone: (951) 453-3999**
**Project Name and Description: 1111 Wilshire, Bella Terra, 15th & Market, La Brea Gateway**

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.

**Please refer to response provided for Item 22.**

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

**Jerry Schaul, Regional General Superintendent**

Jerry Schaul has over 30 years of onsite construction management experience and works in tandem with Sr. VP's to successfully complete some of Southern California's most

prestigious construction projects. As a Regional General Superintendent, Jerry's primary responsibility is to effectively oversee field operations and personnel to keep our projects on schedule and on budget. In addition to overseeing all aspects of multiple construction projects from start to finish, Jerry works to monitor regional safety, quality assurance programs and compliance. Since joining Holland in 2012, Jerry has been involved in Holland's ongoing projects including, Bella Terra, 1111 Wilshire, and 15th & Market.

Prior to joining Holland, Jerry has an impressive resume of completed design build projects with both Sundt Construction and OPUS West Construction. Jerry has a wide range of construction expertise on various product types including, high rise, multifamily, office, tilt, restaurant, warehouse, schools, and retail. During his tenure at Opus West, he oversaw the construction of multiple large scale projects including three (3) fourteen story luxury high rise condominium towers totaling over $325 million. Jerry's leadership abilities and extensive knowledge of all phases of construction from excavation through building finishes is the key to bringing the project from conception to completion.

Jerry has received numerous awards for excellence and has been instrumental in developing corporate superintendent training and safety policies. In addition he holds numerous OSHA training certificates, including confined space, trench safety, crane safety, electrical safety, hazardous materials training and CAL/OSHA 10 and OSHA 30 training.

| | |
|---|---|
| 2012 – 2009 | San Diego Community College $45M - (Math & Sciences Bldg.) 285,000 SF - 5 story structural concrete classroom buildings with adjacent 7 story, 405 stall, post tensioned parking structure. |
| 2008–2009 | The Commons At Chino Hills $68M - (Multiple Bldgs) 525,000 SF on 47 acres. |
| 2008-2009 | Opus Point IV, Carlsbad $20M – Four (4) Industrial Tilt Buildings, 160,000 SF. |
| 2007-2008 | Horizon Tech Center for Lockheed Martin, San Diego $40M – Three (2) Story Tilt Building,160,000 SF |
| 2007-2008 | The Shoppes at Chino Hills Shopping Center $70M – 373,000 SF Retail Lifestyle Center, Structural Steel & Composite 2nd Floor |

## 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 ("SDHC"), 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 SDHC, 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 SDHC, 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 SDHC, 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 24th day of May, 2019 at Long Beach, California.**

CONTRACTOR

By: _____
Signature

Thomas D. Warren
Executive Managing Director of Development
Southern California

## CERTIFICATION

The CONTRACTOR, **Holland Development, LLC, a Washington limited liability company**, 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: _____

Thomas D. Warren
Executive Managing Director of Development
Southern California

**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**

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 Los Angeles

Subscribed and sworn to (or affirmed) before me on this _____ day of May 24, 20 19, by Thomas D. Warren
---
proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

LISA ESTRADA MCGUIRE
Notary Public - California
Los Angeles County
Commission # 2275502
My Comm. Expires Jan 19, 2023

(Seal)

Signature _____

# EXHIBIT A

UNITED STATES OF AMERICA

# The State of Washington

## Secretary of State

I, **SAM REED,** Secretary of State of the State of Washington and custodian of its seal, hereby issue this

**CERTIFICATE OF FORMATION**

to

**HOLLAND DEVELOPMENT I, LLC**

a/an WA Limited Liability Company. Charter documents are effective on the date indicated below.

Date: 9/11/2008

UBI Number: 602-862-859

APPID: 1248750

Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Sam Reed

Sam Reed, Secretary of State

STATE OF WASHINGTON
SECRETARY OF STATE

# APPLICATION TO FORM A LIMITED LIABILITY COMPANY

*(Per Chapter 25.15 RCW)*

**FEE: $175**

FILED
SECRETARY OF STATE
SEP 11 2008
STATE OF WASHINGTON

- Please PRINT or TYPE in black ink
- Sign, date and return original AND ONE COPY to:

CORPORATIONS DIVISION
801 CAPITOL WAY SOUTH • PO BOX 40234
OLYMPIA, WA 98504-0234

- BE SURE TO INCLUDE FILING FEE. Checks should be made payable to "Secretary of State"

EXPEDITED (24-HOUR) SERVICE AVAILABLE - $20 PER ENTITY
INCLUDE FEE AND WRITE "EXPEDITE" IN BOLD LETTERS
ON OUTSIDE OF ENVELOPE

FOR OFFICE USE ONLY

| FILED: / / | UBI 602-862-859 |
|---|---|
| CORPORATION NUMBER | |

| Important! Person to contact about this filing | Daytime Phone Number (with area code) |
|---|---|
| Kenneth R. Haglund, Jr. | (503) 221-7306 |

## CERTIFICATE OF FORMATION

NAME OF LIMITED LIABILITY COMPANY (LLC) *(Must contain the word "Limited Liability Company" "Limited Liability Co" "L.L.C." or "LLC")*
Holland Development I, LLC

ADDRESS OF LLC'S PRINCIPAL PLACE OF BUSINESS
Street Address *(Required)* 1111 Main Street, Suite 750 City Vancouver State WA ZIP 98660

PO Box *(Optional – Must be in same city as street address)* _____ ZIP *(If different than street ZIP)* _____

EFFECTIVE DATE OF LLC *(Specified effective date may be up to 90 days AFTER receipt of the document by the Secretary of State)*
☐ Specific Date: _____ ☒ Upon filing by the Secretary of State

DATE OF DISSOLUTION *(If applicable)*

MANAGEMENT OF LLC IS VESTED IN ONE OR MORE MANAGERS
☒ Yes ☐ No

>>> PLEASE ATTACH ANY OTHER PROVISIONS THE LLC ELECTS TO INCLUDE <<<

NAME AND ADDRESS OF WASHINGTON STATE REGISTERED AGENT
Name FPS Corporate Services, Inc.
Street Address *(Required)* 1111 3rd Ave., Suite 3400 City Seattle State WA ZIP 98101

PO Box *(Optional – Must be in same city as street address)* _____ ZIP *(If different than street ZIP)* _____

*I consent to serve as Registered Agent in the State of Washington for the above named LLC. I understand it will be my responsibility to accept Service of Process on behalf of the LLC; to forward mail to the LLC; and to immediately notify the Office of the Secretary of State if I resign or change the Registered Office Address.*

FPS Corporate Services, Inc.
By: Drew Ognall, Vice President 9/3/08
*Signature of Agent* *Printed Name* *Date*

NAMES ADDRESSES OF EACH PERSON EXECUTING THIS CERTIFICATE *(If necessary, attach additional names and addresses)*

Printed Name Kenneth R. Haglund, Executor Signature _____
Address 601 SW 2nd Avenue, Suite 1800 City Portland State OR ZIP 97204

Printed Name _____ Signature _____
Address _____ City _____ State _____ ZIP _____

Printed Name _____ Signature _____
Address _____ City _____ State _____ ZIP _____

INFORMATION AND ASSISTANCE – 360/753-7115 (TDD – 360/753-1485)

UNITED STATES OF AMERICA

# The State of Washington

## Secretary of State

I, SAM REED, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

**CERTIFICATE OF EXISTENCE/AUTHORIZATION**

**OF**

**HOLLAND DEVELOPMENT, LLC**

**I FURTHER CERTIFY** that the records on file in this office show that the above named Limited Liability Company was formed under the laws of the State of WA and was issued a Certificate Of Formation in Washington on 9/11/2008.

**I FURTHER CERTIFY** that as of the date of this certificate, HOLLAND DEVELOPMENT, LLC remains active and has complied with the filing requirements of this office.

Date: March 14, 2011

UBI: 602-862-859

Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Sam Reed

Sam Reed, Secretary of State

STATE OF WASHINGTON SECRETARY OF STATE

HOLLAND DEVELOPMENT, LLC

FPS CORPORATE SERVICES INC
1111 3RD AVE STE 3400
SEATTLE WA 98101-3299

AMENDMENT

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that documents meeting Washington statutory requirements have been filed and processed with the Secretary of State on behalf of:

HOLLAND DEVELOPMENT, LLC

A Washington Limited Liability Company
UBI: 602 862 859
Filing Date: September 17, 2008
Effective Date: September 17, 2008

Previous Name:

HOLLAND DEVELOPMENT I, LLC

Given under my hand and the seal of the State of Washington at Olympia, the State Capital.

Sam Reed

Sam Reed, Secretary of State

STATE OF WASHINGTON
SECRETARY OF STATE

# ARTICLES OF AMENDMENT
# LIMITED LIABILITY COMPANY

(Per Chapter 25.15 RCW)

FEE: $30.00

FILED
SECRETARY OF STATE
SEP 17 2008
STATE OF WASHINGTON

- Fill, type or print in black ink
- Checks made payable to "Secretary of State"
- Sign, date and return original to

CORPORATIONS DIVISION
801 CAPITOL WAY SOUTH • PO BOX 40234
OLYMPIA WA 98504-0234

EXPEDITED (24-HOUR) SERVICE AVAILABLE - $20 PER ENTITY
INCLUDE FEE AND WRITE "EXPEDITE" IN BOLD LETTERS
ON OUTSIDE OF ENVELOPE

| IMPORTANT! Person to contact about this filing | Daytime Phone Number (with area code) |
|---|---|
| Kenneth R. Haglund Jr. | 503-221-7790 |

Email Address
naglk@fosterpdx.com

## ARTICLES OF AMENDMENT

| NAME OF LIMITED LIABILITY COMPANY | UBI NUMBER |
|---|---|
| Holland Development I, LLC | 602-862-859 |

AMENDMENT(S) The text of each adopted amendment is as follows

Article 1: The name of this limited liability company is Holland Development, LLC

EFFECTIVE DATE OF AMENDMENT *(Specified effective date may be up to 90 days AFTER receipt of the document by the Secretary of State.)*

☐ Specific Date _____ ☑ Upon Filing by the Secretary of State

SIGNATURE OF MEMBER OR MANAGER
*This document is hereby executed under penalties of perjury, and is, to the best of my knowledge, true and correct.*

| Signature of Member or Manager | Printed Name | Printed Title | Date |
|---|---|---|---|
| | Clyde P. Holland, Jr. | Member | 9-12-08 |

IMPORTANT! This form must be filled out in its entirety and returned with the appropriate payment for filing. If you have questions about the requested information on the form please contact our customer assistance at:

CUSTOMER ASSISTANCE – http://secstate.wa.gov/corps/ or 360/753-7115 (TDD – 360/753-1485)

# State of California
Secretary of State

## CERTIFICATE OF REGISTRATION

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That on the **14th day of March, 2011, HOLLAND DEVELOPMENT, LLC,** complied with the requirements of California law in effect on that date for the purpose of registering to transact intrastate business in the State of California; and further purports to be a limited liability company organized and existing under the laws of **Delaware** as **HOLLAND DEVELOPMENT, LLC** and that as of said date said limited liability company became and now is duly registered and authorized to transact intrastate business in the State of California, subject, however, to any licensing requirements otherwise imposed by the laws of this State.

**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of April 5, 2011.

Debra Bowen

**DEBRA BOWEN**
**Secretary of State**

MJR

*NP-25 (REV 1/2007)*

OSP 06 99731

| LLC-5 | Application to Register a Foreign Limited Liability Company (LLC) |
|---|---|

201108910147

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

MAR 14 2011

This Space For Office Use Only

To register an LLC from another state or country in California, fill out this form, and submit for filing along with:

- A $70 filing fee,
- A certificate of good standing from the agency where your LLC was formed **originally**, and
- A separate, non-refundable $15 service fee, if you drop off the completed form.

***Important!*** LLCs in California may have to pay a minimum $800 yearly tax to the Franchise Tax Board.

LLCs that provide *professional* services cannot register in California.

**For questions about this form, go to *www.sos.ca.gov/business/be/filing-tips.htm***

① **Name to be used for this LLC in California**

Holland Development, LLC
(Proposed LLC name)

The proposed LLC name: must end with one of these terms: "LLC," "L.L.C.," "Limited Liability Company," "Limited Liability Co.," "Ltd. Liability Co." or "Ltd. Liability Company;" and may not include these words: "bank," "trust," "trustee," "incorporated," "inc.," "corporation," or "corp.," "insurer," or "insurance company."

② **LLC History**

a. If the proposed LLC name you listed above is different than the LLC name you use now (as listed on your certificate of good standing), list the complete LLC name used now:

b. Date your LLC was formed *(MM, DD, YYYY)*: September 11, 2008

c. State or country where your LLC was formed: Washington

d. Your LLC currently has powers and privileges to conduct business in the state or country listed above.

③ **Service of Process**

List a California resident or a qualified 1505 corporation in California that agrees to be your agent to accept service of process in case your LLC is sued. You may list any adult who lives in California. You may not list an LLC as your agent.

a. *Agent's name:* National Registered Agents, Inc.

If the agent you listed above is a California *resident* (not a *corporation*), list that person's address:

b. *Agent's address:* _____ CA
*street address* *city (no abbreviations)* *state* *zip*

If the agent listed above has resigned or cannot be found or served after reasonable attempts, the California Secretary of State will be appointed the agent for service of process for your LLC.

④ **LLC Address**

a. List address for your LLC's headquarters:

1111 Main Street, Suite 750 | Vancouver | WA | 98660
*street address* | *city (no abbreviations)* | *state* | *zip*

b. List address for your LLC's main office in **California**, if any:

_____ CA
*street address* *city (no abbreviations)* *state* *zip*

⑤ **Read and sign below:**

I declare that I am the person who signed this form, and that I am authorized to do so under the laws of the state or country where this LLC was formed.

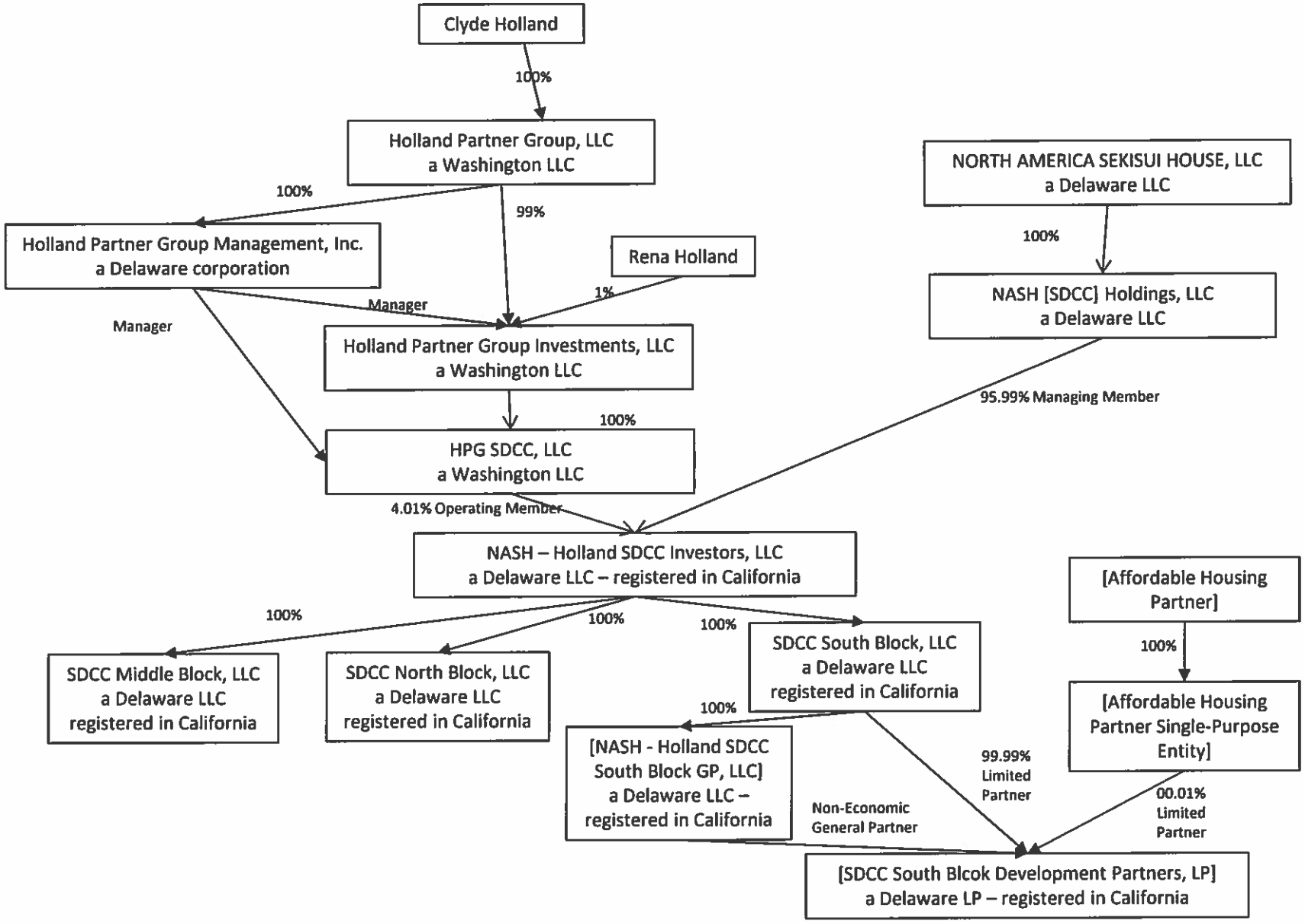
*Signature* — March 10, 2011 *Date*

Clyde Holland *Print your name here* — Manager *Your business title*

| Make check/money order payable to: **Secretary of State** | *By Mail* | *Drop-Off* |
|---|---|---|
| We can give you up to 2 free certified copies of your filed form if you submit up to 2 completed copies of this form (with all attachments). | Secretary of State<br>Business Entities, P.O. Box 944228,<br>Sacramento, CA 94244-2280 | Secretary of State<br>1500 11th St., 3rd Floor,<br>Sacramento, CA 95814 |

# EXHIBIT B

# SDCC ORGANIZATIONAL CHART




4818-1573-2884

# EXHIBIT C

**UNANIMOUS WRITTEN CONSENT TO ACTIONS**

**BY THE BOARD OF DIRECTORS OF**

**HOLLAND PARTNER GROUP MANAGEMENT, INC.**

The undersigned, being all of the members of the Board of Directors of Holland Partner Group Management, Inc., a Delaware corporation (the "Corporation"), desire to take the actions set forth below without a duly and legally called meeting, effective as of March 18, 2019:

1. The following persons are hereby elected and confirmed as members of the Investment Committee and Executive Committee, with each to serve at the pleasure of the Board of Directors, until removed by the Board of Directors:

| | | |
|---|---|---|
| Clyde P. Holland, Jr. | Mark Bates | Joel S. Kaplan |
| Josh Lloyd | Lacey Mocaby | Craig Parker |
| Thomas B. Parsons | Judy Schneider | Gregory J. Thomas |
| Thomas D. Warren | John Wayland | |

2. The following persons are hereby elected and confirmed as officers of the Corporation, with each to serve at the pleasure of the Board of Directors, until removed by the Board of Directors:

| Name | | Title |
|---|---|---|
| Clyde P. Holland, Jr. | * | Chairman of the Board, Chief Executive Officer and President |
| Rena Holland | * | Executive Vice President |
| Judy Schneider | * | Executive Vice President |
| Mark Bates | * | Executive Managing Director, Investment Management; and Chairman of the Investment Committee |
| Craig Parker | * | Chief Operating Officer and Secretary |
| Josh Lloyd | + | President of Property Management |
| Gregory J. Thomas | + | President of Construction |
| Walter Armer | + | Managing Director of Development, Colorado |

| Name | | Title |
|---|---|---|
| Brenner Daniels | + | Managing Director of Development, Oregon and Southwest Washington |
| Thomas B. Parsons | * | Executive Managing Director of Development, Puget Sound |
| John Wayland | + | Executive Managing Director of Development, Northern California |
| Thomas D. Warren | * | Executive Managing Director of Development, Southern California |
| Lacey Mocaby | + | Executive Vice President of Human Resources and Training |
| Rachel Lutz | N/A | Corporate Controller |
| Joel S. Kaplan | N/A | Assistant Secretary |

3. The Investment Committee shall have the sole authority, on behalf of the Corporation to approve: (a) all acquisitions and dispositions of real property, decisions to develop or redevelop real property, decisions to finance or refinance real property, and other substantial projects to be undertaken by the Corporation and any of its affiliates, whether in its own capacity or in its capacity as a member, manager, general partner, limited partner or other capacity of one or more intermediate entities (each an "Project"); and (b) the final development or redevelopment budget for each Approved Project (each an "Budget").

4. A Project may be approved (each an "Approved Project") and a Budget may be approved (each an "Approved Budget") only by a Quorum of the Investment Committee. A Quorum of the Investment Committee requires either (a) a meeting (including participation in person, by telephone or by video conference) of not less than nine members of the Investment Committee, provided that Clyde P. Holland, Jr. is one of the attendees or (b) a unanimous written consent of all of the members of the Investment Committee. A meeting (including participation in person, by telephone or by video conference) of the Investment Committee may be called by any member of the Investment Committee on not less than 24 hours' written notice (including by email).

5. Each officer designated with an asterisk (*) is authorized and directed to cause the Corporation (and any affiliates of the Corporation) to take all actions required to enable the Corporation, in its own capacity and in its capacity as a member, manager, general partner, limited partner or other capacity of one or more affiliated and/or intermediate entities, to enter into and to execute and deliver all documents, agreements and instruments evidencing, governing, securing or relating to each Approved Project, consistent with the applicable Approved Budget. The foregoing authority of each such officer includes, without limitation, authority with respect to the acquisition, financing, development, construction, management, operation and disposition of each Approved Project, and the authority to determine the form and substance of all instruments, documents, or certificates which may be required or advisable in

connection with the Approved Project, which approval shall be evidenced conclusively by such officer's execution thereto.

6. Each officer designated with a plus sign (+) is authorized and directed to cause the Corporation (and any affiliates of the Corporation) to take all actions required to enable the Corporation, in its own capacity and in its capacity as a member, manager, general partner, limited partner or other capacity of one or more affiliated and/or intermediate entities, to enter into and to execute and deliver all documents, agreements and instruments evidencing, governing, securing or relating to the development, construction, redevelopment or operation of each Approved Project that is within the named officer's geographic region or area of responsibility, consistent with the applicable Approved Budget. The foregoing authority of each such named Vice President includes, without limitation, authority with respect to the acquisition, development, construction, redevelopment and operation (but not financing or refinancing) of each Approved Project and the authority to determine the form and substance of all instruments, documents, or certificates which may be required or advisable in connection with the acquisition, development and construction of an Approved Project, which approval shall be evidenced conclusively by the Vice President's execution thereto.

7. The Corporation, directly and indirectly through one or more intermediate entities and in its capacity as a member, manager, managing-member or general partner, is the ultimate signatory for various affiliated entities, some of which in turn serve as a member, manager, managing-member or general partner of other upstream entities (collectively "Affiliated Entities"). Rachel Lutz, in her capacity as Corporate Controller (the "Corporate Controller") is authorized and directed to cause the Corporation to take all actions required to enable the Corporation, in its own capacity and in its capacity as a member, member-manager or general partner of the Affiliated Entities, to prepare and file all federal, state and local income, excise and property tax returns required to be filed by the Corporation and all Affiliated Entities for which the Corporation, directly or indirectly through one or more intermediate entities is the ultimate signatory. The Corporate Controller is also authorized and directed to execute all such tax returns by and in the name of the Corporation, in its own capacity and in its capacity, directly and indirectly through one or more intermediate entities, as a member, member-manager or general partner of the Affiliated Entity for which the tax return is filed.

8. Each Secretary and Assistant Secretary is authorized to certify and verify: (a) the form of specimen signatures of any officer; (b) true copies of written consents related to Approved Projects and Approved Budgets and other resolutions of the Corporation and any of its affiliated and/or intermediate entities; and (c) true copies of any document or instrument related to an Approved Project.

9. All prior resolutions and actions of the Corporation concerning the election or appointment of officers, and related to their respective authority, are hereby superseded, and persons who in the past have been elected or appointed officers but are not listed above are deemed to be removed from all offices and capacities related to the Corporation and its affiliates.

***[Signature Page Follows]***

The officers of the Corporation are hereby authorized and directed, in the name and on behalf of the Corporation, to take any and all further actions which they deem necessary or appropriate in accordance with and to give effect to the foregoing actions.

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# EXHIBIT D

HOLLAND

PARTNER GROUP

# HOLLAND PARTNER GROUP INVESTMENTS, LLC
# STATEMENT OF NET WORTH AND LIQUIDITY
# AS OF DECEMBER 31,2018

1111 Main Street, Suite 700 | Vancouver, WA 98660 | p 360.694.7888 | f 360.905.0153

**HOLLAND PARTNER GROUP INVESTMENTS, LLC**
**STATEMENT OF NET WORTH AND LIQUIDITY**
**SUMMARY COMBINING SCHEDULE**
**AS OF DECEMBER 31, 2018 (UNAUDITED)**

| | Holland Partner Group Investments, LLC Holding Company | Real Estate Operating Properties | Real Estate Under Development | Combined |
|---|---|---|---|---|
| Current assets | | | | |
| Cash | $ 12,103,957 | $ 1,457,146 | $ 659,119 | $ 14,220,222 |
| Restricted cash | - | 1,386,373 | 19,514 | 1,405,887 |
| A/R, net | - | 146,899 | 68,323 | 215,222 |
| Related party receivable | 1,800,000 | - | - | 1,800,000 |
| Other current assets | 111,695 | 188,439 | 58,072 | 358,206 |
| Total current assets | 14,015,652 | 3,178,857 | 805,028 | 17,999,537 |
| Investments in real estate, at estimated fair value | 5,217,366 | 244,279,622 | 296,247,966 | 545,744,954 |
| Total assets | $ 19,233,018 | $ 247,458,479 | $ 297,052,994 | $ 563,744,491 |
| Current liabilities | $ 51,598 | $ 2,855,347 | $ 267,923 | $ 3,174,868 |
| Related party payable | 4,000,000 | - | - | 4,000,000 |
| Mortgages and notes payable | 1,600,000 | 154,128,188 | 134,711,339 | 290,439,527 |
| Total liabilities | 5,651,598 | 156,983,535 | 134,979,262 | 297,614,395 |
| Collateral value available to support guarantee obligations | 13,581,420 | 90,474,944 | 162,073,732 | 266,130,096 |
| | $ 19,233,018 | $ 247,458,479 | $ 297,052,994 | $ 563,744,491 |

**HOLLAND PARTNER GROUP INVESTMENTS, LLC**
**STATEMENT OF NET WORTH AND LIQUIDITY**
**INVESTMENTS IN REAL ESTATE OPERATING PROPERTIES**
**AS OF DECEMBER 31, 2018 (UNAUDITED)**

| | 1111 Wilshire Apartments | Coppins Well | Angelene | LeSalle | Village at Bearcreek | Isabella | Village at Beardslee | The Brand |
|---|---|---|---|---|---|---|---|---|
| Current assets | | | | | | | | |
| Cash | $ 117,044 | $ 368,630 | $ 87,181 | $ 32,565 | $ 138,065 | $ 51,394 | $ 82,845 | $ 297,226 |
| Restricted cash | 139,403 | 672,315 | 127,671 | 39,089 | 149,191 | 110,294 | 93,688 | 18,078 |
| A/R, net | 5,030 | 75,422 | 33,406 | 3,233 | 7,038 | 1,776 | 13,969 | 1,264 |
| Other current assets | 11,928 | 61,169 | 23,648 | 32,760 | 6,282 | 5,627 | 11,308 | 11,231 |
| Total current assets | 273,405 | 1,177,536 | 271,906 | 107,647 | 300,576 | 169,091 | 201,810 | 327,799 |
| Investments in real estate, at estimated fair value | 14,670,722 | 75,435,711 | 22,960,851 | 8,266,500 | 12,964,850 | 9,475,700 | 17,382,313 | 14,393,623 |
| Total assets | $ 14,944,127 | $ 76,613,247 | $ 23,232,757 | $ 8,374,147 | $ 13,265,426 | $ 9,644,791 | $ 17,584,123 | $ 14,721,422 |
| Current liabilities | $ 143,861 | $ 1,839,647 | $ 159,175 | $ 63,211 | $ 128,469 | $ 75,944 | $ 134,713 | $ 234,857 |
| Mortgages and notes payable | 11,527,522 | 74,773,600 | 19,363,326 | 5,087,400 | 9,828,779 | 6,200,000 | 10,261,000 | 3,937,500 |
| Total liabilities | 11,671,383 | 76,613,247 | 19,522,501 | 5,150,611 | 9,957,248 | 6,275,944 | 10,395,713 | 4,172,357 |
| Collateral value available to support guarantee obligations | 3,272,744 | - | 3,710,256 | 3,223,536 | 3,308,178 | 3,368,847 | 7,188,410 | 10,549,065 |
| | $ 14,944,127 | $ 76,613,247 | $ 23,232,757 | $ 8,374,147 | $ 13,265,426 | $ 9,644,791 | $ 17,584,123 | $ 14,721,422 |

**HOLLAND PARTNER GROUP INVESTMENTS, LLC**
**STATEMENT OF NET WORTH AND LIQUIDITY**
**INVESTMENTS IN REAL ESTATE OPERATING PROPERTIES**
**AS OF DECEMBER 31, 2018 (UNAUDITED) - CONTINUED**

| | STOA | The Soleil | Union Denver | Chroma | Kiara | Little Raven | Sofia | Combined |
|---|---|---|---|---|---|---|---|---|
| Current assets | | | | | | | | |
| Cash | $ 16,505 | $ 67,668 | $ 15,470 | $ 9,661 | $ 5,965 | $ 15,650 | $ 151,277 | $ 1,457,146 |
| Restricted cash | 3,247 | 21,166 | 2,894 | 1,440 | 746 | - | 7,152 | 1,386,373 |
| A/R, net | 647 | 2,134 | 1,632 | 119 | 94 | - | 1,134 | 146,899 |
| Other current assets | 2,807 | 15,143 | 2,004 | 863 | 511 | - | 3,158 | 188,439 |
| Total current assets | 23,206 | 106,111 | 22,000 | 12,083 | 7,317 | 15,650 | 162,721 | 3,178,857 |
| Investments in real estate, at estimated fair value | 1,980,573 | 4,289,899 | 5,626,335 | 6,202,407 | 15,905,955 | 17,238,261 | 17,485,922 | 244,279,622 |
| Total assets | $ 2,003,779 | $ 4,396,010 | $ 5,648,335 | $ 6,214,490 | $ 15,913,272 | $ 17,253,911 | $ 17,648,643 | $ 247,458,479 |
| Current liabilities | $ 11,307 | $ 2,333 | $ 27,572 | $ 4,299 | $ 2,959 | $ 395 | $ 26,605 | $ 2,855,347 |
| Mortgages and notes payable | 1,030,783 | 2,744,400 | 1,931,648 | 898,365 | 1,337,931 | 3,196,239 | 2,009,696 | 154,128,188 |
| Total liabilities | 1,042,089 | 2,746,733 | 1,959,220 | 902,664 | 1,340,890 | 3,196,634 | 2,036,301 | 156,983,535 |
| Collateral value available to support guarantee obligations | 961,690 | 1,649,277 | 3,689,116 | 5,311,827 | 14,572,382 | 14,057,277 | 15,612,342 | 90,474,947 |
| | $ 2,003,779 | $ 4,396,010 | $ 5,648,335 | $ 6,214,490 | $ 15,913,272 | $ 17,253,911 | $ 17,648,643 | $ 247,458,482 |

**HOLLAND PARTNER GROUP INVESTMENTS, LLC**
**STATEMENT OF NET WORTH AND LIQUIDITY**
**INVESTMENTS IN REAL ESTATE UNDER DEVELOPMENT**
**AS OF DECEMBER 31, 2018 (UNAUDITED)**

| | Spring Street | Apex | Central & Wilson | 14th & Gilson | 14th & Alice | Calle de Luna | Park & Market | 1001 Minor | Park 1200 | 17th & Pettygrove | 550 Palos Verdes | Fauntleroy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Current assets | | | | | | | | | | | | |
| Cash | $ 8,975 | $ 135,797 | $ 8,435 | $ 15,631 | $ 16,185 | $ 14,285 | $ 20,910 | $ 37,627 | $ 16,477 | $ 15,904 | $ 14,135 | $ 16,019 |
| Restricted cash | 1,275 | 3,100 | - | - | - | - | - | - | - | - | - | - |
| A/R, net | - | 63,012 | 2,401 | - | - | - | - | - | - | - | - | - |
| Other current assets | 2,000 | 15,000 | 37,120 | - | - | - | - | 3,019 | - | - | - | - |
| Total current assets | 10,250 | 216,909 | 47,956 | 15,631 | 16,185 | 14,285 | 20,910 | 40,646 | 16,477 | 15,904 | 14,135 | 16,019 |
| Investments in real estate, at estimated fair value | 23,255,020 | 94,165,515 | 106,438 | 16,983,665 | 9,649,235 | 2,329,906 | 21,068,614 | 16,821,627 | 3,829,143 | 4,089,967 | 10,702,432 | 3,500,469 |
| Total assets | $ 23,265,270 | $ 94,382,424 | $ 154,394 | $ 16,999,496 | $ 9,665,420 | $ 2,344,191 | $ 21,089,524 | $ 16,862,273 | $ 3,845,620 | $ 4,105,871 | $ 10,716,567 | $ 3,516,488 |
| Current liabilities | $ 10,998 | $ 213,284 | $ 1,580 | $ 395 | $ 395 | $ 395 | $ 395 | $ 3,959 | $ 395 | $ 395 | $ 395 | $ 335 |
| Mortgages and notes payable | 2,682,815 | 86,751,915 | - | 4,098,249 | 4,120,000 | 1,540,872 | 8,181,291 | 4,743,500 | 38,209 | 788,077 | 4,227,784 | 1,019,951 |
| Total liabilities | 2,693,813 | 86,965,179 | 1,580 | 4,098,644 | 4,120,395 | 1,541,267 | 8,181,686 | 4,747,459 | 38,604 | 788,472 | 4,228,179 | 1,020,286 |
| Collateral value available to support guarantee obligations | 20,571,457 | 7,417,245 | 152,814 | 12,902,852 | 5,545,025 | 802,925 | 12,908,838 | 12,114,814 | 3,809,018 | 3,317,399 | 6,488,388 | 2,496,201 |
| | $ 23,265,270 | $ 94,382,424 | $ 154,394 | $ 16,999,496 | $ 9,665,420 | $ 2,344,191 | $ 21,089,524 | $ 16,862,273 | $ 3,845,620 | $ 4,105,871 | $ 10,716,567 | $ 3,516,488 |

**HOLLAND PARTNER GROUP INVESTMENTS, LLC**
**STATEMENT OF NET WORTH AND LIQUIDITY**
**INVESTMENTS IN REAL ESTATE UNDER DEVELOPMENT**
**AS OF DECEMBER 31, 2018 (UNAUDITED) - CONTINUED**

| | 1721 Webster | 17th & Kearney | Vancouver Center | 355 Logan | 99 S Broadway | Town & Country | Acura | Pac Pine | Reeds | Boren Virginia | Combined |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Current assets | | | | | | | | | | | |
| Cash | $ 14,325 | $ 16,197 | $ 32,593 | $ 49,574 | $ 15,000 | $ 51,184 | $ 17,011 | $ 54,374 | $ 55,247 | $ 28,035 | $ 659,119 |
| Restricted cash | - | - | 15,139 | - | - | - | - | - | - | - | 19,514 |
| A/R, net | - | - | 2,909 | - | - | - | - | - | - | - | 88,323 |
| Other current assets | - | - | 933 | - | - | - | - | - | - | - | 58,072 |
| Total current assets | 14,325 | 16,197 | 51,574 | 49,574 | 15,000 | 51,184 | 17,011 | 54,374 | 55,247 | 28,035 | 806,028 |
| Investments in real estate, at estimated fair value | 11,428,292 | 3,971,222 | 3,470,930 | 8,565,862 | 6,832,743 | 20,556,025 | 1,505,005 | 9,146,033 | 8,195,701 | 18,275,121 | 288,247,966 |
| Total assets | $ 11,442,617 | $ 3,987,419 | $ 3,522,504 | $ 8,615,436 | $ 6,847,743 | $ 20,607,209 | $ 1,522,016 | $ 9,199,407 | $ 8,250,948 | $ 18,301,156 | $ 287,052,994 |
| Current liabilities | $ 395 | $ 497 | $ 34,130 | $ - | $ - | $ - | $ - | $ - | | $ - | $ 267,923 |
| Mortgages and notes payable | 3,640,440 | 1,767,000 | 1,242,125 | 1,777,500 | 1,458,000 | 1,394,206 | 655,598 | 2,521,000 | 1,683,000 | 503,909 | 134,711,339 |
| Total liabilities | 3,640,835 | 1,767,497 | 1,276,254 | 1,777,500 | 1,458,000 | 1,394,206 | 655,598 | 2,521,000 | 1,683,000 | 503,909 | 134,979,263 |
| Collateral value available to support guarantee obligations | 7,801,782 | 2,219,922 | 2,246,250 | 6,837,936 | 5,389,743 | 19,213,003 | 866,418 | 6,678,407 | 6,567,948 | 15,797,247 | 152,073,731 |
| | $ 11,442,617 | $ 3,987,419 | $ 3,522,504 | $ 8,615,436 | $ 6,847,743 | $ 20,607,209 | $ 1,522,016 | $ 9,199,407 | $ 8,250,948 | $ 18,301,156 | $ 287,052,994 |

## NOTE 1 – BUSINESS ACTIVITIES

Holland Partner Group Investments, LLC ("HPGI" or the "Company") is in the business of developing, constructing, owning, repositioning and managing real estate projects. Each real estate partnership in which HPGI owns a direct or indirect interest is reported and valued as outlined below.

## NOTE 2 – BASIS OF PRESENTATION

This Statement of Net Worth and Liquidity ("Statement") does not purport to present assets, liabilities and net worth in accordance with accounting principles generally accepted in the United States of America, nor does it purport to present fair market value.

This Statement reflects only HPGI's interest in available collateral value in real estate ownership entities and related liabilities such entities. It does not reflect any other business transactions or personal assets or liabilities of any member of the Company, including income tax liabilities.

For purposes of this Statement, assets are presented at an estimated value as described in Note 5. Actual market values may vary depending on local market conditions. The collateral value for an entity has been adjusted for significant liabilities of the entity known to have been incurred but not yet recorded. The collateral value for an entity has also been increased or decreased for return on capital promoted interest agreement amounts, if applicable, based upon the investment's estimated value. Additionally, collateral values for entities have been increased or decreased based on the unpaid balance of principal and interest of the mortgages and notes payable associated with the entity as the associated mortgages and notes payable have an impact on the fair value of the investment in real estate properties.

## NOTE 3 – RESTRICTED CASH

Restricted cash consists of tenant security deposits held, lender required replacement reserves and reserves for property taxes and insurance.

## NOTE 4 – OTHER CURRENT ASSETS

Other current assets consist of prepaid expenses and deposits.

## NOTE 5 – INVESTMENTS IN REAL ESTATE PROPERTIES

HPGI's interest in each entity listed on the Statement reflects its proportionate share of the net value of the real estate project and other assets owned by the entity or another entity in which it has an interest, as applicable. HPGI's interest in an entity may be subject to agreements restricting or prohibiting the transfer of HPGI's interest. In addition, the disposition of a non-controlling interest in an entity could generate proceeds less than the proportionate net asset value of the entity, reflecting a discount for lack of control over the entity. No adjustments to the collateral values have been made on account of transfer restrictions or discounts for lack of control. The valuations of HPGI's interest in each entity has, however, been adjusted to reflect preferential returns and promoted interests, if any.

In determining the value of HPGI's interest in each entity, the assets were valued at their book or estimated value (as indicated below) when held by a going concern in a stabilized market, net of the unpaid balance of principal interest of debt or equity investment that is to be returned on a preferred basis, and HPGI's direct and indirect ownership percentages were applied to the resulting value. In estimating the asset values, the following valuation policies were used:

**NOTE 5 – INVESTMENTS IN REAL ESTATE PROPERTIES (continued)**

Investments in multi-family real estate properties – Investments in multi-family real estate assets are reported at estimated normalized fair values and, as such, depreciation is not recorded. Collateral values are determined by management based on a valuation policy approved by the members. Management has, and on an ongoing basis will review the real estate portfolio to determine fair value based on the financial performance of individual assets and general market conditions. For significant real estate holdings, management may seek appraisals or external updates of previous appraisals for any given year. In determining fair value, appropriate considerations are given to capitalization rates, sales comparables, replacement costs and other estimates of value. The estimation of expected net cash flows is inherently uncertain and is based predominantly on assumptions regarding current and future economic and market conditions. Except as noted below, all stabilized multi-family real estate assets are valued by means of an internal valuation using the considerations described above as of December 31, 2018. Values for development assets that have received a certificate of full occupancy but are not stabilized are determined based on the estimated normalized fair market value as of the valuation date, as indicated below. The estimated fair values used to determine the collateral values do not necessarily represent the prices at which the real estate would sell since the market prices of the real estate investments are determined by negotiation between a willing buyer and seller. Actual prices may differ from these fair value estimates. Although the estimated fair values and resulting collateral values represent subjective estimates, HPGI believes these estimated values are reasonable approximations of a stabilized market price for the Company's real estate investments.

The following is a summary of HPGI's investment in multi-family real estate assets:

Holding Company Real Estate Assets are interest in joint venture development pursuits as well as assets awaiting liquidation. These investments are valued at cost as of quarter end.

1111 Wilshire Apartments is a 210-unit mid-rise project located in the City Central West district of Los Angeles, California. The total net rentable area for residential use is 162,643 square feet. The apartment property consists of a seven-story building (six residential floors over ground floor retail with four levels of parking). There are two levels of above grade parking and two levels of subterranean parking. In addition, there is 7,743 square feet of first floor retail space. The final certificate of occupancy was received in the 4th quarter of 2013. Collateral value was determined assuming a sale at the first date after a contractual lockout based on waterfall calculations expected to be in place.

Coppins Well (formerly known as 1200 Madison) is located in the First Hill neighborhood of Seattle, Washington and is a 17-story mixed-use apartment building that contains 237 residential units and 6,824 square feet of street level commercial space. The project also includes 109 parking stalls located in a secured below grade garage. The project has a 75-year land lease which commenced in April 2011 with Sameddie, Inc. Collateral value was determined assuming a sale at the first date after a contractual lockout based on waterfall calculations expected to be in place.

Angelene (formerly known as La Brea) is a 179-unit mixed-use project with 33,274 square feet of retail space located in Los Angeles, California. The property consists of one four-story, wood framed apartment building with retail at grade and a subterranean concrete parking structure. Final certificate of occupancy was received in December of 2016. Collateral value was determined assuming a sale at the first date after a contractual lockout based on waterfall calculations expected to be in place.

La Salle is a 566-unit property located in Beaverton, Oregon, that was acquired in November of 2016.

Village at Bear Creek is a 472-unit property located in Lakewood, Colorado, acquired in December 2017.

Isabella (formerly known as Greenwood Village) is a 304-unit property located in Greenwood Village Colorado, acquired in September 2017.

**NOTE 5 – INVESTMENTS IN REAL ESTATE PROPERTIES (continued)**

Village at Beardslee is a 304-unit mixed-use property with 52,427 square feet of retail space located in Bothell, WA, that was acquired in June 2017. Phase II was purchased in November 2018 and added an additional 147 residential units.

The Brand (formerly known as Brand & Wilson) is a 401-unit project consisting of two phases located in Glendale, California. Final certificates of occupancy were received in June of 2015 and January of 2016. Collateral value was determined assuming a sale at the first date after a contractual lockout based on waterfall calculations expected to be in place.

STOA (formerly known as St. Vibiana) is a 6-story luxury apartment development located in Los Angeles, California, comprised of 238 ground-up units with two levels of sub-grade concrete parking and 4,650 square feet of retail. Final certificate of occupancy was received in September of 2017.

The Soleil (formerly known as Greenwood Park) is a 291-unit property located in Centennial, Colorado, acquired in September 2017.

Union Denver (formerly known as 17 Wewatta) is a mixed-use development project consisting of 579 residential units in three separate towers and 66,926 square feet of retail space located in the Union Station neighborhood of downtown Denver, Colorado. Final certificate of occupancy was received in July 2018. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Chroma SLU (formerly known as Minor & Pontius) is a 275-unit project consisting of two podium structures located in the Cascade neighborhood of South Lake Union in Seattle, Washington. Final certificate of occupancy was received in April 2018. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Kiara (formerly known as 970 Denny) is a 40-story high rise project comprised of 461 units with subterranean concrete parking and 15,054 square feet of retail located at the southern edge of the South Lake Union neighborhood in Seattle, Washington. Final certificate of occupancy was received in November 2018. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

1880 Little Raven (formerly known as Parkside) is a mid-rise project comprised of 161 units located in Denver, Colorado. Final certificate of occupancy was received in September 2018. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Sofia (formerly known as Bixel & Lucas) is a 5-story mixed-use development project comprised of 606 units, two levels of subterranean parking and 20,900 square feet of retail space. Final certificate of occupancy was received in May 2018. Collateral value was determined by using the fair value of the 606 ground-up residential unit project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

On December 31, 2018, HPGI's interest in Bixel House Apartments was assigned directly to Clyde Holland. HPGI's share of Bixel House Apartments' assets and liabilities are no longer reported as collateral value available to support HPGI's guarantee obligations as of this date.

## NOTE 5 – INVESTMENTS IN REAL ESTATE PROPERTIES, UNDER DEVELOPMENT

Investments in real estate projects under renovation or development – Projects under renovation or development were valued at the cost of land plus development costs incurred or the estimated normalized fair market value as of the valuation date, as indicated below.

The following is a summary of HPGI's investment in real estate projects under development:

Spring Street consists of two luxury high-rise apartment complexes totaling 589 units located in Los Angeles, California, which will also contain 18,090 square feet of retail space. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Apex is a 26-story high rise project comprised of 341 units with subterranean concrete parking and 13,075 square feet of retail located in Los Angeles, California. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Central & Wilson is a mid-rise mixed-use apartment development located in downtown Glendale, CA. This investment was valued at cost as of quarter end.

14th & Glisan is a mixed-use podium development project consisting of 230 residential units and 5,793 square feet of retail space located in the Pearl District of downtown Portland, Oregon. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

14th & Alice is a mixed-use podium development project consisting of 262 residential units and 12,300 square feet of retail space located in downtown Oakland, California. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Calle De Luna is a development project located in Santa Clara, California. This investment was valued at cost as of quarter end.

Park & Market is a 1.2-acre site with planned development of 426 units, 633 subterranean parking and over 67,000 square feet of commercial space located in San Diego, California. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

1001 Minor is a 17-story high rise project comprised of 209 units and approximately 5,900 square feet of retail space located in the First Hill neighborhood in Seattle, Washington. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Park 1200 is a garden style project comprised of 320 units located in the Westminster neighborhood of Denver, Colorado. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

17th & Pettygrove is a mid-rise project comprised of 196 units with 9,067 square feet of commercial space and 141 parking spaces located in the NW District of Portland, OR. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

**NOTE 5 – INVESTMENTS IN REAL ESTATE PROPERTIES, UNDER DEVELOPMENT (continued)**

550 Palos Verdes is a mixed-use development project consisting of 375 residential units and 5,080 square feet of retail space located in the San Pedro, California. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Fauntleroy is a mid-rise development comprised of 118 units in West Seattle, Washington. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

1721 Webster is a 24-story high rise project comprised of 247 units and approximately 1,800 square feet of retail space located in the East Bay neighborhood in Oakland, California. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

17th & Kearney is a mid-rise project comprised of 124 units with 3,660 square feet of commercial space and 66 parking spaces located in the NW District of Portland, OR. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Vancouver Center is a combination of a mid-rise development project comprised of 116 units with 3,153 square feet of commercial space and a 6-story stabilized property comprised of 82 units both of which are located in Downtown Vancouver, WA. Collateral value was determined by using the cost of the stabilized property and the fair value of the development project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

355 Logan is a 10 story, 8-level, type-1 building with two levels of subterranean parking on a 1.01-acre site in the Washington Park Neighborhood of Denver, CO. The project contains 170 resident units, 1 guest suite and 245 parking stalls. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

99 S. Broadway is a 3-story, wood structure over a concrete podium containing 238 units and subterranean parking. The Project will feature roughly 13,000 square feet of retail along the South Broadway border of the 2.36-acre site. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Town & Country is a multi-phase residential construction project, with 690 multi-family units consisting of three separate podium structures. These parcels account for three of the four residential parcels that are part of the Town & County Master Plan which includes a fully-renovated Town & County Hotel and Convention Center. The project is located within the Mission Valley neighborhood of San Diego. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Acura Tower is a 200-foot high-rise building in the Uptown district of Oakland, CA with 18 stories of residential over a 3-story podium and 1 level of subterranean parking. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Pacific Pine is two eight-story mid-rise buildings with a total of 271 units located in Long Beach, CA. The Pine Avenue building will feature 1,305 square feet of retail space with outdoor dining available. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

## NOTE 5 – INVESTMENTS IN REAL ESTATE PROPERTIES, UNDER DEVELOPMENT (continued)

Reeds Crossing is a 312-unit apartment community in South Hillsboro on a 15.14-acre parcel. The project is part of master planned community and will be adjacent to a higher density town center which will include commercial and mixed-use developments. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

Boren & Virginia is a dual-tower high-rise development that will be built in two phases. Phase 1 is a 423-unit residential tower with 7,816 square feet of commercial space on the first floor which is to be sold to Cornish College of the Arts and 54,323 square feet of commercial on levels 2 – 4. Phase 2 is a 450-unit residential tower with no commercial space. Both buildings are in the Denny Triangle neighborhood of Seattle. Collateral value was determined by using the fair value of the project at stabilization as determined by a 3rd party appraisal based on the waterfall calculations expected to be in place.

The following investments were sold at arms-length to third parties for the twelve months ending December 31, 2018. The table lists these investments, their contracted sale value, along with the valuation used for that investment in the quarter immediately preceding the investment using the contracted sale value:

| Property | Transacted Sale Value | Valuation per Model in Statement of Net Worth and Liquidity | Transacted Sale Value Premium / (Discount |
|---|---|---|---|
| Lincoln Station | 62,000,000 | 64,500,000 | (2,500,000) |
| Sygnii | 75,200,000 | 61,000,000 | 14,200,000 |
| Stonebridge | 44,200,000 | 44,200,000 | - |
| Domaine at Villebois | 69,500,000 | 71,900,000 | (2,400,000) |
| Totals | 250,900,000 | 241,600,000 | 9,300,000 |

## NOTE 6 – MORTGAGES & NOTES PAYABLE

HPGI maintains an unsecured revolving line of credit with PNC Bank, National Association ("PNC") which provides total available borrowings of up to $20 million, reduced by outstanding letters of credit. The credit facility bears interest at the Daily LIBOR Rate + 3.5%. Borrowers financial covenants include maintaining consolidated unrestricted cash and cash equivalents of not less than $4 million and maintaining an aggregate net worth of not less than $75 million. HPGI will have a 6-month cure period to cure a default of the financial covenants. As of December 31, 2018, there was an outstanding balance of $1.6 million under the revolving credit facility and HPGI was in compliance with all covenants.

## NOTE 7 – RELATED PARTY TRANSACTIONS

HPGI advances funds to Holland Development LLC (a related party through common ownership) on a periodic basis. The advances are used to fund cash deposits on land acquisitions with executed purchase and sale agreements. As of December 31, 2018, the outstanding balance due from Holland Development was $1.8 million.

On June 29, 2018, HPGI received a short-term note from Holland Construction, Inc. (a related party through common ownership) in the amount of $4 million. The note accrues interest at 2.34% per annum and is due in full on June 30, 2019. As of December 31, 2018, there was an outstanding balance of $4 million.

## NOTE 8 – TAX ON DISPOSITION OF ASSETS

If all of HPGI's interest in the entities listed in the accompanying Statement were sold, the members of HPGI might incur a significant federal and state tax liability in the year of sale. Those liabilities have not been estimated in connection with the preparation of this Statement. Any tax liabilities that HPGI may incur would be liabilities of HPGI, not liabilities of the related entities, although HPGI's interest in these entities could be taken to satisfy those liabilities. In addition, determining the potential tax liability that HPGI may incur would involve, among other things, determining HPGI's tax basis in each of the entities, the amount of past operating losses and unused tax credits carried over by HPGI, and HPGI's current income, expenses, gains and losses from assets and activities outside the entities listed in the Statement. Not all of this information was available for the or incorporated into this Statement.

## NOTE 9 – CONTINGENT LIABILITY

As an owner of the entities described above, and from time to time as a guarantor of certain debts and other obligations of these entities, HPGI is contingently liable for certain of the obligations of the entities. The obligations for which HPGI is liable could exceed HPGI's estimated collateral value and could deplete those assets if HPGI were called upon to honor these guarantees. No provision is made in this Statement for contingent liabilities.

## NOTE 10 – CONFIDENTIALITY AND BUSINESS PURPOSE

This Statement should be considered strictly confidential and is not to be used for any purpose unrelated to financing of HPGI or any related entity.

## NOTE 11 – VALUATION

Valuation is an inaccurate science and actual values today and particularly values that may be realized in the future from the ultimate disposition of these assets may differ significantly from those reflected herein. Obviously, the values set forth above are only as valid as the assumptions and limitations set forth in these notes. In addition, because of the size and complexity of the assets described above, some omissions and inaccuracies may well exist.

Subject to the limitations and conditions set forth above, to the best of the Company's knowledge, this Statement is, in all material respects, an accurate statement of the business assets and liabilities in collateral value entities in HPGI as of December 31, 2018.

Clyde P. Holland, Jr.
Sole Member of
Holland Partner Group Investments, LLC

3-20-2019
Date

# EXHIBIT E

Performance & Payment Bonds active during 3-year period provided by Lockton Companies, LLC

| Bond Number | Principal Name | Obligee | Location | Bond Description | Bond Amount | Current Effective Date | Expiration Date | Start Date | Completion Date | Litigation |
|---|---|---|---|---|---|---|---|---|---|---|
| SU1113718 | Holland Construction, Inc. | 801 Dexter Investors, L.P. | Seattle, WA | Multifamily Apartment Building - 801 Dexter | $48,706,709.00 | 7/25/2012 | 10/7/2014 | 8/15/12 | 5/1/14 | None |
| SU1113720 | Holland Construction, Inc. | Union Station Investors, L.P. | Denver, CO | Union Station Apartments | $63,551,000.00 | 12/13/2012 | 12/13/2014 | 1/24/13 | 5/22/15 | None |
| SU1113719 | Holland Construction, Inc. | Belleview Block A Retail Investors, L.P. | Denver, CO | Belleview Station A - 5-Level, 353 Living Unit Multifamily Apartment Building | $54,983,117.00 | 10/11/2012 | 7/24/2015 | 11/15/12 | 3/13/15 | None |
| | | | | | **$167,240,826.00** | | | | | |

# EXHIBIT F

Holland Partner Group
Development Deal Flow
Updated April 2016

# EXHIBIT 21C

| Project Name | Region | Type | Nominal Owner | Address of Owner | LEED Certification | Original Contract | Change Orders | Start Date | Finish Date | Litigation |
|---|---|---|---|---|---|---|---|---|---|---|
| Line 28<br>fka: Highland | Denver | Mid Rise | RECAP/Holland Highland Bridge Investors, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 18.34 | $ 905,777 | 10/17/11 | 03/29/13 | None |
| Millehouse<br>fka: Belleview Station Block A | Denver | Mid Rise | Belleview Block A Retail Investors, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | Residential Silver | $ 54.67 | $ 1,093,198 | 11/15/12 | 03/13/15 | None |
| The Platform<br>fka: Union Station | Denver | High Rise | Union Station Investors, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | LEED Gold | $ 63.55 | $ 1,856,589 | 01/24/13 | 05/22/15 | None |
| Carrick Bend<br>fka: Stone Mountain | Denver | Garden | Keller Holland Northglenn Investors, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 26.86 | $ 604,140 | 09/18/13 | 03/31/15 | None |
| Aspect<br>fka: Lincoln Station | Denver | Wrap | Lincoln Station Investment Partners, L.P. | 1111 Main St. Ste 700<br>Vancouver, WA 98660 | None | $ 31.68 | $ 1,214,766 | 01/13/14 | 09/28/15 | None |
| Trifecta<br>fka: BelMar | Denver | Wrap & Tuck Under | Belmar Investors, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | LEED Certified | $ 30.15 | $ 105,881 | 04/07/14 | 10/29/15 | None |
| Terrene at the Grove<br>fka: Brenchley II | Portland | Garden | Brenchley Estates Partners Phase 2, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 29.28 | $ - | 07/16/12 | 12/17/13 | None |
| Brenchley SF Lots (South) | Portland | Single Family | | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 45.01 | | 08/28/12 | 03/15/13 | None |
| Tessera<br>fka: Orenco Wrap | Portland | Wrap | Orenco Hillsboro Wrap, LP | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | Earth Advantage | $ 40.25 | $ - | 10/08/12 | 04/15/14 | None |
| Portera<br>fka: Brenchley 3 | Portland | Mid Rise | Brenchley Estates Partners Phase 3, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 21.47 | $ - | 10/07/13 | 03/27/15 | None |
| Hub 9<br>fka: Orenco Central Podium | Portland | Mid Rise | Nash-Holland Orenco Podium Investors, LLC | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 20.28 | $ 393,016 | 10/28/13 | 05/15/15 | None |
| Rowlock<br>fka: Orenco Podium East | Portland | Mid Rise | Nash-Holland Orenco Podium Investors, LLC | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 37.41 | $ 1,085,958 | 12/23/13 | 08/21/15 | None |
| Cameron<br>fka: Entercom Industrial | Portland | Industrial | Amstar Holland Cameron DC, LLC | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 6.79 | $ 12,080,000 | 09/01/14 | 11/13/15 | None |
| Union<br>fka: 901 Dexter | Seattle | Mid Rise | Holland 191 II Dexter LP | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | Certified (LEED for Mid-Rise) | $ 45.01 | | 05/23/11 | 03/07/13 | None |
| Hue<br>fka: 717 Dexter | Seattle | Mid Rise | 717 Dexter Investors, LLC | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | LEED Certified | $ 15.61 | | 10/31/11 | 03/11/13 | None |
| Premiere on Pine<br>fka:815 Pine | Seattle | High Rise | 815 Pine Investors, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | Silver | $ 12.48 | | 08/15/12 | 02/06/15 | None |
| True North<br>fka: 801 Dexter | Seattle | Mid Rise | 801 Dexter Investors, P.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | LEED Certified | $ 53.30 | | 08/15/12 | 05/01/14 | None |
| Rivet<br>fka: 1201 Mercer | Seattle | Mid Rise | 1201 Mercer Investors, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | LEED Certified | $ 24.88 | | 09/10/12 | 03/13/14 | None |
| 1111 Wilshire | SoCal | Mid Rise | RECAP/Holland 1111 Wilshire Investors, L.P. | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 33.96 | | 06/06/11 | 03/18/13 | None |
| The Residences<br>fka: Bella Terra | SoCal | Wrap | Bella Terra Villa, LLC | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | Retail Only LEED Silver | $ 76.53 | | 10/31/11 | 10/21/13 | None |

**Holland Partner Group**
**Development Deal Flow**
**Updated April 2016**

## EXHIBIT 21C

| Project Name | Region | Type | Name of Owner | Address of Owner | LEED Certification | Original Contract | Change Orders | Start Date | Finish Date | Litigation |
|---|---|---|---|---|---|---|---|---|---|---|
| Form 15<br>fka: 15th Ave & Market | SoCal | Mid Rise | 15th and Market Investors, LP | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | None | $ 45.02 | | 10/15/12 | 10/07/14 | None |
| The Brand<br>fka: Phase II<br>Orange & Wilson | SoCal | Mid Rise | 120 W. Wilson Ave. Apartments, LP | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | Planning for LEED Silver | $ 30.85 | $ 1,925.111 | 06/01/13 | 06/30/15 | None |
| The Brand<br>fka: Phase I<br>Brand & Wilson | SoCal | Mid Rise | 120 W. Wilson Ave. Apartments, LP | 1111 Main St, Ste 700<br>Vancouver, WA 98660 | Planning for LEED Silver | $ 44.40 | $ 3,304,321 | 03/04/13 | 04/30/15 | None |

# EXHIBIT G

ACORD®

# CERTIFICATE OF LIABILITY INSURANCE

9/1/2019

DATE (MM/DD/YYYY): 5/21/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Lockton Companies
8110 E. Union Avenue
Suite 700
Denver CO 80237
(303) 414-6000

CONTACT NAME:
PHONE (A/C, No, Ext): FAX (A/C, No):
E-MAIL ADDRESS:

| INSURER(S) AFFORDING COVERAGE | NAIC # |
|---|---|
| INSURER A : Navigators Specialty Insurance Company | 36056 |
| INSURER B : Liberty Insurance Underwriters Inc | 19917 |
| INSURER C : Sompo Japan Fire and Marine Ins. Co. of America | 38997 |
| INSURER D : | |
| INSURER E : | |
| INSURER F : | |

INSURED
1391087
Holland Construction Inc.
1111 Main Street, Suite 500
Vancouver, WA 98660

COVERAGES CERTIFICATE NUMBER: 14049944 REVISION NUMBER: XXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL INSD | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS | |
|---|---|---|---|---|---|---|---|---|
| A | X COMMERCIAL GENERAL LIABILITY | N | N | CE18CGL257211IC | 9/1/2018 | 9/1/2019 | EACH OCCURRENCE | $ 1,000,000 |
| | CLAIMS-MADE X OCCUR | | | | | | DAMAGE TO RENTED PREMISES (Ea occurrence) | $ XXXXXXX |
| | | | | | | | MED EXP (Any one person) | $ 5,000 |
| | | | | | | | PERSONAL & ADV INJURY | $ 1,000,000 |
| | GEN'L AGGREGATE LIMIT APPLIES PER: | | | | | | GENERAL AGGREGATE | $ 2,000,000 |
| | POLICY X PRO-JECT LOC | | | | | | PRODUCTS - COMP/OP AGG | $ 2,000,000 |
| | OTHER: | | | | | | | $ |
| A | AUTOMOBILE LIABILITY | N | N | CE18CGL257211IC | 9/1/2018 | 9/1/2019 | COMBINED SINGLE LIMIT (Ea accident) | $ 1,000,000 |
| | ANY AUTO | | | | | | BODILY INJURY (Per person) | $ XXXXXXX |
| | OWNED AUTOS ONLY / SCHEDULED AUTOS | | | | | | BODILY INJURY (Per accident) | $ XXXXXXX |
| | X HIRED AUTOS ONLY / X NON-OWNED AUTOS ONLY | | | | | | PROPERTY DAMAGE (Per accident) | $ XXXXXXX |
| | | | | | | | | $ XXXXXXX |
| A | UMBRELLA LIAB X OCCUR | N | N | SE18EXC9444671C | 9/1/2018 | 9/1/2019 | EACH OCCURRENCE | $ 25,000,000 |
| B | X EXCESS LIAB CLAIMS-MADE | | | 1000059226-08 | 9/1/2018 | 9/1/2019 | AGGREGATE | $ 25,000,000 |
| | DED RETENTION $ | | | | | | | $ XXXXXXX |
| C | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY | | N | JWCS1009J0 | 1/1/2019 | 1/1/2020 | X PER STATUTE OTH-ER | |
| | ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N: Y | N/A | | | | | E.L. EACH ACCIDENT | $ 1,000,000 |
| | If yes, describe under DESCRIPTION OF OPERATIONS below | | | | | | E.L. DISEASE - EA EMPLOYEE | $ 1,000,000 |
| | | | | | | | E.L. DISEASE - POLICY LIMIT | $ 1,000,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

14049944
SAN DIEGO HOUSING COMMISSION

CANCELLATION See Attachments

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY WC 00 03 13

(Ed. 4-84)

POLICY NUMBER: JWCS1009J0

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

PARTIES WITH WHOM THE INSURED HAS ENTERED INTO A WRITTEN WAIVER AGREEMENT PRIOR TO THE DATE OF LOSS.

DATE OF ISSUE: 01-26-18


© 1983 National Council on Compensation Insurance.

Miscellaneous Attachment: M512958 Master ID: 1391087, Certificate ID: 14049944

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 04 03 06
(Ed. 04-84)

POLICY NUMBER: MWC31237519

## WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be % of the California workers' compensation premium otherwise due on such remuneration.

SCHEDULE

| PERSON OR ORGANIZATION | JOB DESCRIPTION |
|---|---|
| AS REQUIRED BY WRITTEN CONTRACT, TO THE EXTENT ALLOWABLE BY LAW | |

DATE OF ISSUE: 03 -01-19
01-26-18

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From the WCIRB's California Workers' Compensation Insurance Forms Manual 1999.

Policy No. CE18CGL257211IC

Commercial General Liability
CG 20 37 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

# ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS

**This endorsement modifies insurance provided under the following:**

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**
**PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART**

## SCHEDULE

| Name Of Additional Insured Person(s) Or Organization(s): | Location And Description Of Completed Operations |
|---|---|
| All parties where required by a written contract. | |

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II - Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and

2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III - Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

POLICY NUMBER: CE18CGL257211IC

**COMMERCIAL GENERAL LIABILITY**
**CG 20 12 04 13**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

# ADDITIONAL INSURED STATE OR GOVERNMENTAL AGENCY OR SUBDIVISION OR POLITICAL SUBDIVISION PERMITS OR AUTHORIZATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

## SCHEDULE

State Or Governmental Agency Or Subdivision Or Political Subdivision:

ANY STATE OR POLITICAL SUBDIVISIONS WITH WHOM YOU HAVE AGREED, THROUGH WRITTEN CONTRACT, AGREEMENT OR PERMIT EXECUTED PRIOR TO THE LOSS, TO PROVIDE ADDITIONAL INSURED COVERAGE

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II Who Is An Insured** is amended to include as an additional insured any state or governmental agency or subdivision or political subdivision shown in the Schedule, subject to the following provisions:

1. This insurance applies only with respect to operations performed by you or on your behalf for which the state or governmental agency or subdivision or political subdivision has issued a permit or authorization.

   However:

   a. The insurance afforded to such additional insured only applies to the extent permitted by law; and

   b. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

2. This insurance does not apply to:

   a. "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the federal government, state or municipality; or

   b. "Bodily injury" or "property damage" included within the "products-completed operations hazard".

**B.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

# WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY
COVERAGE PART

SCHEDULE

| Name Of Person Or Organization: |
| --- |
| **Any person or organization when you and such person or organization have agreed in writing in a contract or agreement that you will waive any right of recovery against such person or organization** |

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. Transfer Of Rights Of Recovery Against Others To Us of Section IV — Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products- completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

**POLICY NUMBER: CE18CGL257211IC**

**COMMERCIAL GENERAL LIABILITY**
**CG 20 10 04 13**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

# ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

| Name Of Additional Insured Person(s) Or Organization(s) | Location(s) Of Covered Operations |
|---|---|
| As required by written contract signed by both parties prior to loss.<br>All organizations as required by written contract signed by both parties prior to loss. | |

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

**C.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III - Limits Of Insurance :**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is lees.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.



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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

# PRIMARY AND NONCONTRIBUTORY - OTHER INSURANCE CONDITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

**Primary And Noncontributory Insurance**

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

**(1)** The additional insured is a Named Insured under such other insurance; and

**(2)** You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.


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EXHIBIT F

| Project Name | Property Name | Region | Type | Name of Owner | Address of Owner | LEED Certification | Original Contract | Change Orders | Start Date | Finish Date | Litigation |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Highland | Line 28 | Denver | Mid Rise | RECAP/Holland Highland Bridge Investors, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ 18.34 | 905,777 | 10/17/11 | 03/29/13 | None |
| Belleview Station Block A | Milehouse | Denver | Mid Rise | Belleview Block A Retail Investors, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | Residential Silver | $ 54.67 | 1,093,198 | 11/15/12 | 03/13/15 | None |
| Union Station | The Platform | Denver | High Rise | Union Station Investors, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | LEED Gold | $ 63.55 | 1,856,589 | 01/24/13 | 05/22/15 | None |
| Stone Mountain | Carrick Bend | Denver | Garden | Keller Holland Northglenn Investors, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ 26.86 | 604,240 | 09/18/13 | 03/31/15 | None |
| Lincoln Station | Aspect | Denver | Wrap | Lincoln Station Investment Partners, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ 31.68 | 1,214,766 | 01/13/14 | 09/28/15 | None |
| BelMar | Trifecta | Denver | Wrap & Ruck Under | Belmar Investors, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | LEED Certified | $ 30.15 | 105,881 | 04/07/14 | 10/29/15 | None |
| Parkside | 1880 Little Raven | Denver | Mid-Rise | Keller Holland Parkside Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Silver | $ 40.50 | 636,715 | 08/15/16 | 07/24/18 | None |
| Belleview Block B | The Den | Denver | Mid-Rise | NASH - Holland Belleview Block B Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Gold | $ 60.30 | 1,641,142 | 07/14/14 | 10/28/16 | None |
| 17 Wewatta | Union Denver | Denver | High-Rise | NASH - Holland 17W Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Gold | $ 175.90 | 2,719,409 | 02/25/15 | 03/20/18 | None |
| Brenchley II | Terrene at the Grove | Portland | Garden | Brenchley Estates Partners Phase 2, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ 29.28 | - | 07/16/12 | 12/17/13 | None |
| Brenchley SF Lots (South) | | Portland | Single Family | | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ 45.01 | - | 08/28/12 | 03/15/13 | None |
| Orenco Wrap | Tessera | Portland | Wrap | Orenco Hillsboro Wrap, LP | 1111 Main St, Ste 700 Vancover, WA 98660 | Earth Advantage | $ 40.25 | - | 10/08/12 | 04/15/14 | None |
| Brenchley 3 | Portera | Portland | MidRise | Brenchley Estates Partners Phase 3, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ 21.47 | - | 10/07/13 | 03/27/15 | None |
| Orenco Central Podium | Hub 9 | Portland | Mid Rise | Nash-Holland Orenco Posium Investors, LLC | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ 20.28 | 393,016 | 10/28/13 | 05/15/15 | None |
| Orenco Podium East | Rowlock | Portland | Mid Rise | Nash-Holland Orenco Posium Investors, LLC | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ 37.41 | 1,085,958 | 12/23/13 | 08/21/15 | None |
| Entercom Industrial | Cameron | Portland | Industrial | Amstar Holland Cameron OC, LLC | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ 0.79 | 12,083,000 | 09/01/14 | 11/13/15 | None |

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EXHIBIT F

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 135th & Scholls | Sygnii | Portland | Garden | Keller Holland Tigard Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | None | $ | 30.70 | 1,624,383 | 05/09/16 | 11/06/17 | None |
| Orenco West Podium | Vector | Portland | Mid-Rise | NASH - Holland Orenco West Podium Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | None | $ | 38.00 | 2,698,474 | 09/29/14 | 11/10/16 | None |
| 901 Dexter | Union | Seattle | Mid Rise | Holland 191 II Dexter LP | 1111 Main St, Ste 700 Vancover, WA 98660 | Certified (LEED for Mid-Rise) | $ | 45.01 | - | 05/23/11 | 03/07/13 | None |
| 717 Dexter | Hue | Seattle | Mid Rise | 717 Dexter Investors, LLC | 1111 Main St, Ste 700 Vancover, WA 98660 | LEED Certified | $ | 15.61 | - | 10/31/11 | 03/11/13 | None |
| 815 Pine | Premier on Pine | Seatle | High Rise | 815 Pine Investors, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | Silver | $ | 12.48 | - | 08/15/12 | 02/06/15 | None |
| 801 Dexter | True North | Seatle | Mid Rise | 801 Dexter Investors, P.P. | 1111 Main St, Ste 700 Vancover, WA 98660 | LEED Certified | $ | 53.30 | - | 08/15/12 | 05/01/14 | None |
| 1201 Mercer | Rivet | Seatle | Mid Rise | 1201 Mercer Investors, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | LEED Certified | $ | 24.88 | - | 09/10/12 | 03/13/14 | None |
| 970 Denny | Kiara | Seattle | High-Rise | NASH-Holland 970 Denny Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Gold | $ | 179.40 | 6,603,713 | 01/18/16 | 10/26/18 | None |
| 1212 Harrison | Chroma SLU | Seattle | Mid-Rise | NASH - Holland Minor & Pontius Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Certified | $ | 57.40 | 1,596,618 | 05/27/16 | 03/22/18 | None |
| 1001 Minor | The Perry | Seattle | High-Rise | NASH-Holland 1001 Minor Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Certified | $ | 67.40 | 1,989,171 | 04/10/17 | 12/31/18 | None |
| 810 Dexter | JUXT | Seattle | Mid-Rise | NASH - Holland 810 Dexter Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Silver | $ | 73.20 | - | 05/12/14 | 06/15/16 | None |
| 1101 Westlake | 1101 Westlake | Seattle | Business Center | NASH - Holland WS Office, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Certified | $ | 36.70 | - | 09/01/14 | 03/31/16 | None |
| 1207 Westlake | West Lake Steps & Marina SLU | Seattle | Mid-Rise | NASH - Holland WS Multifamily South, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Certified | $ | 77.40 | 964,772 | 07/21/15 | 08/22/17 | None |
| 1287 Westlake | One Lakefront | Seattle | Mid-Rise | NASH - Holland WS Multifamily North, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Certified | $ | 77.20 | - | 04/06/15 | 05/26/17 | None |
| 1111 Wilshire | 1111 Wilshire | SoCal | Mid Rise | RECAP/Holland 1111 Wilshire Investors, LP. | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ | 33.96 | - | 06/06/11 | 03/28/13 | None |

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EXHIBIT F

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bella Terra | The Residences | SoCal | Wrap | Bella Terra Villa, LLC | 1111 Main St, Ste 700 Vancover, WA 98660 | Retail Only LEED Silver | $ | 76.53 | - | 10/31/11 | 10/21/13 | None |
| 15th & Market | Form 15 | SoCal | Mid Rise | 15th and Market Investors, LP | 1111 Main St, Ste 700 Vancover, WA 98660 | None | $ | 45.02 | - | 10/15/12 | 10/07/14 | None |
| Phase II Orange & Wilson | The Brand | SoCal | Mid Rise | 120 W. Wilson Ave. Apartments, LP | 1111 Main St, Ste 700 Vancover, WA 98660 | Planning for LEED Silver | $ | 30.85 | 1,925,111 | 06/01/13 | 06/30/15 | None |
| Phase I Brand & Wilson | The Brand | SoCal | Mid Rise | 120 W. Wilson Ave. Apartments, LP | 1111 Main St, Ste 700 Vancover, WA 98660 | Planning for LEED Silver | $ | 44.40 | 3,304,321 | 03/04/13 | 04/30/15 | None |
| 732 Spring | The Grace | SoCal | High-Rise | 732 Spring, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Silver | $ | 110.30 | - | 06/03/16 | 10/15/18 | None |
| 8th & Spring | The Griffin | SoCal | High-Rise | 8th & Spring, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Silver | $ | 110.10 | 1,995,641 | 01/25/16 | 10/04/18 | None |
| Apex II | Alina | SoCal | High-Rise | 900 South Figueroa Street Pad Investors, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Silver | $ | 97.10 | 21,728,431 | 07/11/16 | 11/21/18 | None |
| La Brea Gateway | Angelene | SoCal | Mid-Rise | La Brea Gateway Investors, L.P. | 1111 Main St, Ste 700 Vancouver, WA 98660 | None | $ | 48.00 | 3,823,503 | 01/07/14 | 02/15/16 | None |
| St. Vibiana | Stoa | SoCal | Mid-Rise | 222 Main Street Investors LP | 1111 Main St, Ste 700 Vancouver, WA 98660 | None | $ | 49.00 | 2,538,516 | 03/02/15 | 06/13/17 | None |
| 6th & Bixel | Sofia | SoCal | Mid-Rise | NASH - Holland 6th and Bixel Project, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | None | $ | 126.50 | 15,434,994 | 06/02/14 | 10/26/17 | None |
| 6th & Lucas | The Mint | SoCal | Other | NASH - Holland 6th and Lucas Project, LLC | 1111 Main St, Ste 700 Vancouver, WA 98660 | LEED Certified | $ | 8.30 | 2,198,943 | 07/14/14 | 04/01/16 | None |

| USES OF FUNDS | ORIGINAL CDLAC TOTAL PROJECT COSTS | REVISED CDLAC TOTAL PROJECT COSTS | RESIDENTIAL COSTS | COMMERCIAL COSTS | REVISED TOTAL PROJECT COSTS | SOURCES OF FUNDS | HOUSING AUTHORITY OF THE CITY OF SAN DIEGO | NASH/HOLLAND OWNER'S EQUITY | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| *LAND COST/ACQUISITION* | | | | | | | | | |
| Land Cost or Value | $ 18,543,264 | $ 11,483,502 | 11,483,502 | 7,059,762 | 18,543,264 | | 11,483,502 | 7,059,762 | 18,543,264 |
| Escrow Deposits | | | | | | | - | - | - |
| Land Payment | | | | | | | - | - | - |
| Demolition | | | | | | | - | - | - |
| Legal | | | | | | | - | - | - |
| Land Lease Rent Prepayment | | | | | | | - | - | - |
| **Total Land Cost or Value** | 18,543,264 | 11,483,502 | 11,483,502 | 7,059,762 | 18,543,264 | | 11,483,502 | 7,059,762 | 18,543,264 |
| Existing Improvements Value | | | | | | | - | - | - |
| Off-Site Improvements | | | | | | | - | - | - |
| **Total Acquisition Cost** | | | | | | | - | - | - |
| **Total Land Cost / Acquisition Cost** | $ 18,543,264 | $ 11,483,502 | $ 11,483,502 | $ 7,059,762 | $ 18,543,264 | | $ 11,483,502 | $ 7,059,762 | $ 18,543,264 |
| Predevelopment Interest/Holding Cost | | | | | | | - | - | - |
| Assumed, Accrued Interest on Existing Debt (Rehab/Acq) | | | | | | | - | - | - |
| Other: (Specify) | | | | | | | - | - | - |
| *REHABILITATION* | | | | | | | | - | - |
| Site Work | | | | | | | - | - | - |
| Structures | | | | | | | - | - | - |
| General Requirements | | | | | | | - | - | - |
| Contractor Overhead | | | | | | | - | - | - |
| Contractor Profit | | | | | | | - | - | - |
| Prevailing Wages | | | | | | | - | - | - |
| General Liability Insurance | | | | | | | - | - | - |
| Other: (Specify) | | | | | | | - | - | - |
| **Total Rehabilitation Costs** | | | | | | | - | - | - |
| **Total Relocation Expenses** | | | | | | | - | - | - |
| *NEW CONSTRUCTION* | | | | | | | | - | - |
| Site Work | | | | | | | - | - | - |
| Structures | $ 203,218,404 | $ 144,312,740 | $ 144,312,740 | $ 58,905,664 | $ 203,218,404 | | $ 144,312,740 | $ 58,905,664 | $ 203,218,404 |
| General Conditions / General Requirements | 15,466,584 | 10,983,381 | 10,983,381 | 4,483,203 | 15,466,584 | | 10,983,381 | 4,483,203 | 15,466,584 |
| Contractor Overhead | 9,410,630 | 6,682,829 | 6,682,829 | 2,727,801 | 9,410,630 | | 6,682,829 | 2,727,801 | 9,410,630 |
| Contractor Profit | 13,099,510 | 9,302,436 | 9,302,436 | 3,797,074 | 13,099,510 | | 9,302,436 | 3,797,074 | 13,099,510 |
| Prevailing Wages | incl. above | incl. above | incl. above | | incl. above | | incl. above | | |
| General Liability Insurance | 3,481,261 | 2,472,170 | 2,472,170 | 1,009,092 | 3,481,261 | | 2,472,170 | 1,009,092 | 3,481,261 |
| **Total New Construction Costs** | $ 244,676,390 | $ 173,753,556 | $ 173,753,556 | $ 70,922,834 | $ 244,676,390 | | $ 173,753,556 | $ 70,922,834 | $ 244,676,390 |
| *ARCHITECTURAL FEES* | | | | | | | | $ - | $ - |
| Design | 9,625,000 | 6,746,294 | 6,746,294 | 2,878,706 | 9,625,000 | | 6,746,294 | 2,878,706 | 9,625,000 |
| Supervision | | | | | | | - | - | - |
| **Total Architectural Costs** | 9,625,000 | 6,746,294 | 6,746,294 | 2,878,706 | 9,625,000 | | 6,746,294 | 2,878,706 | 9,625,000 |
| **Total Survey & Engineering** | | | | | | | - | - | - |
| | | | | | | | | - | - |
| *CONSTRUCTION FINANCING* | | | | | | | | - | - |
| Construction Loan Interest | $ 17,890,521 | $ 17,890,521 | 17,890,521 | - | 17,890,521 | | 4,799,883 | 13,090,638 | 17,890,521 |
| Origination Fee | | | | | | | - | - | - |
| Credit Enhancement/Application Fee | | | | | | | - | - | - |
| Bond Premium | | | | | | | - | - | - |
| Taxes | 5,507,056 | 3,910,760 | 3,910,760 | 1,596,296 | 5,507,056 | | 3,910,760 | 1,596,296 | 5,507,056 |

| USES OF FUNDS | ORIGINAL CDLAC TOTAL PROJECT COSTS | REVISED CDLAC TOTAL PROJECT COSTS | RESIDENTIAL COSTS | COMMERCIAL COSTS | REVISED TOTAL PROJECT COSTS | SOURCES OF FUNDS | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | HOUSING AUTHORITY OF THE CITY OF SAN DIEGO | NASH/HOLLAND OWNER'S EQUITY | TOTAL |
| Insurance | | - | - | - | - | - | - | - |
| Title & Recording | | | | | | - | - | - |
| Other: (Specify) | | | | | | - | - | - |
| Other: (Specify) | | | | | | - | - | - |
| **Total Construction Interest & Fees** | $ 23,397,577 | $ 21,801,280 | $ 21,801,280 | $ 1,596,296 | $ 23,397,577 | $ 8,710,643 | $ 14,686,934 | $ 23,397,577 |
| *PERMANENT FINANCING* | | | | | | | - | - |
| Loan Origination Fee | $ 4,000,000 | $ 2,840,545 | $ 2,840,545 | $ 1,159,455 | $ 4,000,000 | $ - | $ 4,000,000 | $ 4,000,000 |
| Credit Enhancement/Application Fee | | | | | | - | - | - |
| Title & Recording | | | | | | - | - | - |
| Taxes/Insurance/Other | | | | | | - | - | - |
| Other: (Specify) | | | | | | - | - | - |
| Other: (Specify) | | | | | | - | - | - |
| **Total Permanent Financing Costs** | $ 4,000,000 | $ 2,840,545 | 2,840,545 | 1,159,455 | 4,000,000 | - | 4,000,000 | 4,000,000 |
| ***Subtotals Forward*** | $ 300,242,230 | $ 216,625,177 | $ 216,625,177 | $ 83,617,053 | $ 300,242,230 | $ 200,693,995 | $ 99,548,236 | $ 300,242,230 |
| *LEGAL FEES* | | | | | | | - | - |
| Lender Legal Paid by Applicant | $ 5,530,000 | $ 3,927,053 | 3,927,053 | 1,602,947 | 5,530,000 | 3,927,053 | 1,602,947 | 5,530,000 |
| Other (Specify) | | | | | | - | - | - |
| **Total Attorney Costs** | $ 5,530,000 | $ 3,927,053 | 3,927,053 | 1,602,947 | 5,530,000 | 3,927,053 | 1,602,947 | 5,530,000 |
| *RESERVES* | | | | | | | - | - |
| Rent Reserves | $ 180,633 | $ 180,633 | 180,633 | - | 180,633 | - | 180,633 | 180,633 |
| Capitalized Reserves | 262,133 | 262,133 | 262,133 | - | 262,133 | - | 262,133 | 262,133 |
| 3-Month Operating Reserve | 622,471 | 622,471 | 622,471 | - | 622,471 | - | 622,471 | 622,471 |
| **Total Reserve Costs** | $ 1,065,237 | $ 1,065,237 | $ 1,065,237 | $ - | $ 1,065,237 | $ - | $ 1,065,237 | $ 1,065,237 |
| *APPRAISAL* | | | | | | | - | - |
| **Total Appraisal Costs** | | | | | | - | - | - |
| **Total Contingency Cost** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| *OTHER PROJECT COSTS* | | | | | | | - | - |
| TCAC App/Allocation/Monitoring Fees | | | | | | - | - | - |
| Environmental Audit | | | | | | - | - | - |
| Local Development Impact Fees | 12,568,000 | 8,924,992 | 8,924,992 | 3,643,008 | 12,568,000 | 8,924,992 | 3,643,008 | 12,568,000 |
| Permit Processing Fees | | | | | | - | - | - |
| Capital Fees | | | | | | - | - | - |
| Marketing | 525,000 | - | - | 525,000 | 525,000 | - | 525,000 | 525,000 |
| Furnishings | 1,850,000 | 1,850,000 | 1,850,000 | - | 1,850,000 | - | 1,850,000 | 1,850,000 |
| Market Study | | | | | | - | - | - |
| Accounting/Reimbursables | | | | | | - | - | - |
| Hard and Soft Cost Contingency | 6,463,894 | 4,340,045 | 4,340,045 | 2,123,849 | 6,463,894 | 453,961 | 6,009,933 | 6,463,894 |
| Commercial Leasing and TI costs | 24,631,545 | - | - | 24,631,545 | 24,631,545 | - | 24,631,545 | 24,631,545 |
| Other (Specify) | 60,000 | 60,000 | 60,000 | - | 60,000 | - | 60,000 | 60,000 |
| **Total Other Costs** | $ 46,098,439 | $ 15,175,037 | $ 15,175,037 | $ 30,923,403 | $ 46,098,439 | $ 9,378,952 | $ 36,719,487 | $ 46,098,439 |
| **SUBTOTAL PROJECT COST** | $ 352,935,907 | $ 236,792,504 | $ 236,792,504 | $ 116,143,403 | $ 352,935,907 | $ 214,000,000 | $ 138,935,907 | $ 352,935,907 |
| *DEVELOPER COSTS* | | | | | | | - | - |
| Developer Overhead/Profit | $ 9,442,425 | $ 7,518,977 | 7,518,977 | 1,923,448 | 9,442,425 | 2,500,000 | 6,942,425 | 9,442,425 |
| Consultant/Processing Agent | | | | | | - | - | - |
| Project Administration | | | | | | - | - | - |
| Broker Fees Paid to a Related Party | | | | | | - | - | - |

| USES OF FUNDS | ORIGINAL CDLAC TOTAL PROJECT COSTS | REVISED CDLAC TOTAL PROJECT COSTS | RESIDENTIAL COSTS | COMMERCIAL COSTS | REVISED TOTAL PROJECT COSTS | SOURCES OF FUNDS | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | HOUSING AUTHORITY OF THE CITY OF SAN DIEGO | NASH/HOLLAND OWNER'S EQUITY | TOTAL |
| Construction Oversight by Developer | 5,850,967 | 3,341,434 | 3,341,434 | 2,509,533 | 5,850,967 | - | 5,850,967 | 5,850,967 |
| | | | | | | - | - | - |
| **Total Developer Costs** | $ 15,293,392 | $ 10,860,411 | $ 10,860,411 | $ 4,432,981 | $ 15,293,392 | $ 2,500,000 | $ 12,793,392 | $ 15,293,392 |
| **TOTAL PROJECT COSTS** | **$ 368,229,300** | **$ 247,652,915** | **$ 247,652,915** | **$ 120,576,385** | **$ 368,229,300** | **$ 216,500,000** | **$ 151,729,300** | **$ 368,229,300** |

| IV. SOURCES AND USES BUDGET - SECTION 1: SOURCES AND USES BUDGET | | | | | *Permanent Sources* | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL PROJECT COST | RES. COST | COM'L. COST | TAX CREDIT EQUITY | 1)Housing Authority of the City of San Diego | 2) | 3)Owner's Equity | 4) | 5) | 6) | 7) | 8) | 9) | 10) | 11) | 12) | SUBTOTAL | 30% PVC for New Const/Rehab | 30% PVC for Acquisition |
| *LAND COST/ACQUISITION* | | | | | | | | | | | | | | | | | | | |
| Land Cost or Value | $196,370 | $196,370 | | $196,370 | | | | | | | | | | | | | $196,370 | | |
| Demolition | | | | | | | | | | | | | | | | | | | |
| Legal | | | | | | | | | | | | | | | | | | | |
| Land Lease Rent Prepayment | | | | | | | | | | | | | | | | | | | |
| **Total Land Cost or Value** | $196,370 | $196,370 | | $196,370 | | | | | | | | | | | | | $196,370 | | |
| Existing Improvements Value | | | | | | | | | | | | | | | | | | | |
| Off-Site Improvements | | | | | | | | | | | | | | | | | | | |
| **Total Acquisition Cost** | | | | | | | | | | | | | | | | | | | |
| **Total Land Cost / Acquisition Cost** | $196,370 | $196,370 | | $196,370 | | | | | | | | | | | | | $196,370 | | |
| Predevelopment Interest/Holding Cost | | | | | | | | | | | | | | | | | | | |
| Assumed, Accrued Interest on Existing Debt (Rehab/Acq) | | | | | | | | | | | | | | | | | | | |
| Excess Purchase Price Over Appraisal | | | | | | | | | | | | | | | | | | | |
| *REHABILITATION* | | | | | | | | | | | | | | | | | | | |
| Site Work | | | | | | | | | | | | | | | | | | | |
| Structures | | | | | | | | | | | | | | | | | | | |
| General Requirements | | | | | | | | | | | | | | | | | | | |
| Contractor Overhead | | | | | | | | | | | | | | | | | | | |
| Contractor Profit | | | | | | | | | | | | | | | | | | | |
| Prevailing Wages | | | | | | | | | | | | | | | | | | | |
| General Liability Insurance | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| **Total Rehabilitation Costs** | | | | | | | | | | | | | | | | | | | |
| **Total Relocation Expenses** | | | | | | | | | | | | | | | | | | | |
| *NEW CONSTRUCTION* | | | | | | | | | | | | | | | | | | | |
| Site Work | $2,944,582 | $2,944,582 | | | $2,944,582 | | | | | | | | | | | | $2,944,582 | $2,944,582 | |
| Structures | $23,429,060 | $23,429,060 | | | $11,961,460 | | $11,467,600 | | | | | | | | | | $23,429,060 | $23,429,060 | |
| General Requirements | $2,278,158 | $2,278,158.00 | | | $2,278,158 | | | | | | | | | | | | $2,278,158 | $2,278,158 | |
| Contractor Overhead | | | | | | | | | | | | | | | | | | | |
| Contractor Profit | $1,196,624 | $1,196,624.00 | | | $1,196,624 | | | | | | | | | | | | $1,196,624 | $1,196,624 | |
| Prevailing Wages | | | | | | | | | | | | | | | | | | | |
| General Liability Insurance | $404,240 | $404,240.00 | | | $404,240 | | | | | | | | | | | | $404,240 | $404,240 | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| **Total New Construction Costs** | $30,252,664 | $30,252,664 | | | $18,785,064 | | $11,467,600 | | | | | | | | | | $30,252,664 | **$30,252,664** | |
| *ARCHITECTURAL FEES* | | | | | | | | | | | | | | | | | | | |
| Design | $1,105,152 | $1,105,152.00 | | | $1,105,152 | | | | | | | | | | | | $1,105,152 | $1,105,152 | |
| Supervision | | | | | | | | | | | | | | | | | | | |
| **Total Architectural Costs** | $1,105,152 | $1,105,152 | | | $1,105,152 | | | | | | | | | | | | $1,105,152 | **$1,105,152** | |
| **Total Survey & Engineering** | | | | | | | | | | | | | | | | | | | |
| *CONSTRUCTION INTEREST & FEES* | | | | | | | | | | | | | | | | | | | |
| Construction Loan Interest | $3,286,095 | $3,286,095.00 | | $2,176,311 | $1,109,784 | | | | | | | | | | | | $3,286,095 | $3,286,095 | |
| Origination Fee | | | | | | | | | | | | | | | | | | | |
| Credit Enhancement/Application Fee | | | | | | | | | | | | | | | | | | | |
| Bond Premium | | | | | | | | | | | | | | | | | | | |
| Cost of Issuance | | | | | | | | | | | | | | | | | | | |
| Title & Recording | | | | | | | | | | | | | | | | | | | |
| Taxes | $716,809 | $716,809.00 | | $716,809 | | | | | | | | | | | | | $716,809 | $716,809 | |
| Insurance | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| **Total Construction Interest & Fees** | **$4,002,904** | **$4,002,904** | | **$2,893,120** | **$1,109,784** | | | | | | | | | | | | $4,002,904 | **$4,002,904** | |
| *PERMANENT FINANCING* | | | | | | | | | | | | | | | | | | | |
| Loan Origination Fee | $258,471 | $258,471 | | $258,471 | | | | | | | | | | | | | $258,471 | | |
| Credit Enhancement/Application Fee | | | | | | | | | | | | | | | | | | | |
| Title & Recording | | | | | | | | | | | | | | | | | | | |
| Taxes | | | | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| **Total Permanent Financing Costs** | $258,471 | $258,471 | | $258,471 | | | | | | | | | | | | | $258,471 | | |
| ***Subtotals Forward*** | $35,815,561 | $35,815,561 | | $3,347,961 | $21,000,000 | | $11,467,600 | | | | | | | | | | $35,815,561 | $35,360,720 | |
| *LEGAL FEES* | | | | | | | | | | | | | | | | | | | |
| Lender Legal Paid by Applicant | $635,264 | $635,264 | | $635,264 | | | | | | | | | | | | | $635,264 | $500,000 | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| **Total Attorney Costs** | $635,264 | $635,264 | | $635,264 | | | | | | | | | | | | | $635,264 | **$500,000** | |

| IV. SOURCES AND USES BUDGET - SECTION 1: SOURCES AND USES BUDGET | | | | | *Permanent Sources* | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL PROJECT COST | RES. COST | COM'L. COST | TAX CREDIT EQUITY | 1)Housing Authority of the City of San Diego | 2) | 3)Owner's Equity | 4) | 5) | 6) | 7) | 8) | 9) | 10) | 11) | 12) | SUBTOTAL | 30% PVC for New Const/Rehab | 30% PVC for Acquisition |
| *RESERVES* | | | | | | | | | | | | | | | | | | | |
| Rent Reserves | | | | | | | | | | | | | | | | | | | |
| Capitalized Rent Reserves | | | | | | | | | | | | | | | | | | | |
| Required Capitalized Replacement Reserve | | | | | | | | | | | | | | | | | | | |
| 3-Month Operating Reserve | $446,385 | $446,385 | | $446,385 | | | | | | | | | | | | | $446,385 | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| **Total Reserve Costs** | $446,385 | $446,385 | | $446,385 | | | | | | | | | | | | | $446,385 | | |
| *CONTINGENCY COSTS* | | | | | | | | | | | | | | | | | | | |
| Construction Hard Cost Contingency | $1,149,376 | $1,149,376 | | $1,149,376 | | | | | | | | | | | | | $1,149,376 | $1,149,376 | |
| Soft Cost Contingency | $390,991 | $390,991.00 | | $390,991 | | | | | | | | | | | | | $390,991 | $390,991 | |
| **Total Contingency Costs** | $1,540,367 | $1,540,367 | | $1,540,367 | | | | | | | | | | | | | $1,540,367 | $1,540,367 | |
| *OTHER PROJECT COSTS* | | | | | | | | | | | | | | | | | | | |
| TCAC App/Allocation/Monitoring Fees | | | | | | | | | | | | | | | | | | | |
| Environmental Audit | | | | | | | | | | | | | | | | | | | |
| Local Development Impact Fees | $1,443,762 | $1,443,762.00 | | $1,443,762 | | | | | | | | | | | | | $1,443,762 | $1,443,762 | |
| Permit Processing Fees | | | | | | | | | | | | | | | | | | | |
| Capital Fees | | | | | | | | | | | | | | | | | | | |
| Marketing | | | | | | | | | | | | | | | | | | | |
| Furnishings | $204,696 | $204,696.00 | | $204,696 | | | | | | | | | | | | | $204,696 | $204,696 | |
| Market Study | | | | | | | | | | | | | | | | | | | |
| Accounting/Reimbursables | | | | | | | | | | | | | | | | | | | |
| Appraisal Costs | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| **Total Other Costs** | $1,648,458 | $1,648,458 | | $1,648,458 | | | | | | | | | | | | | $1,648,458 | **$1,648,458** | |
| **SUBTOTAL PROJECT COST** | $40,086,035 | $40,086,035 | | $7,618,435 | $21,000,000 | | $11,467,600 | | | | | | | | | | $40,086,035 | $39,049,545 | |
| *DEVELOPER COSTS* | | | | | | | | | | | | | | | | | | | |
| Developer Overhead/Profit | | | | | | | | | | | | | | | | | | | |
| Consultant/Processing Agent | | | | | | | | | | | | | | | | | | | |
| Project Administration | | | | | | | | | | | | | | | | | | | |
| Broker Fees Paid to a Related Party | | | | | | | | | | | | | | | | | | | |
| Construction Oversight by Developer | $766,915 | $766,915 | | $766,915 | | | | | | | | | | | | | $766,915 | $766,915 | |
| Other: (Specify) | | | | | | | | | | | | | | | | | | | |
| **Total Developer Costs** | $766,915 | $766,915 | | $766,915 | | | | | | | | | | | | | $766,915 | **$766,915** | |
| **TOTAL PROJECT COSTS** | **$40,852,950** | **$40,852,950** | | **$8,385,350** | **$21,000,000** | | **$11,467,600** | | | | | | | | | | $40,852,950 | **$39,816,460** | |
| **Note: Syndication Costs shall NOT be included as a project cost.** | | | | | | | | | | | | | | | | | **Bridge Loan Expense During Construction:** | | |
| Calculate Maximum Developer Fee using the eligible basis subtotals. | | | | | | | | | | | | | | | | | **Total Eligible Basis:** | **$39,816,460** | |
| **DOUBLE CHECK AGAINST PERMANENT FINANCING TOTALS:** | | | | 8,385,350 | 21,000,000 | | 11,467,600 | | | | | | | | | | | | |

**Funding sources and costs should be aligned appropriately. For example, public funding sources for land purchase or construction costs should be shown as paying for these costs.**
**Do not randomly select funding sources for line item costs if they have a dedicated source of payment.**

**Required: evidence of land value (see Tab 1). Land value must be included in Total Project Cost and Sources and Uses Budget (includes donated or leased land).**
**Except for non-competitive projects with donated land, TCAC will not accept a budget with a nominal land value. Please refer to the TCAC website for additional information and guidance.**

**Note: The conditional formatting embedded in this Sources and Uses Budget workbook tests only for mathematical errors, i.e. whether sum total of Sources (Column R) matches Total Project Cost (Column B) and whether each source listed in the Sources and Uses Budget workbook (Row 105) matches that of Permanent Financing in the Application workbook (Row 108).**
**The conditional formatting does NOT test for any regulatory threshold or feasibility requirements.**
**Applicants are advised to conduct their own due diligence and not rely upon the conditional formatting in this workbook.**

## FOR PLACED IN SERVICE APPLICATION SUBMISSIONS:

SYNDICATION (Investor & General Partner)
Organizational Fee
Bridge Loan Fees/Exp.
Legal Fees
Consultant Fees
Accountant Fees
Tax Opinion
Other

**Total Syndication Costs**

CERTIFICATION BY OWNER:
**As owner(s) of the above-referenced low-income housing project, I certify under penalty of perjury, that the project costs contained herein are, to the best of my knowledge, accurate and actual costs associated with the construction, acquisition and/or rehabilitation of this project and that the sources of funds shown are the only funds received by the Partnership for the development of the project. I authorize the California Tax Credit Allocation Committee to utilize this information to calculate the low-income housing tax credit.**

Signature of Owner/General Partner

Date

Printed Name of Signatory

Title of Signatory

CERTIFICATION OF CPA/TAX PROFESSIONAL:
**As the tax professional for the above-referenced low-income housing project, I certify under penalty of perjury, that the percentage of aggregate basis financed by tax-exempt bonds is:**

| IV. SOURCES AND USES BUDGET - SECTION 1: SOURCES AND USES BUDGET | | | | | *Permanent Sources* | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **TOTAL PROJECT COST** | **RES. COST** | **COM'L. COST** | **TAX CREDIT EQUITY** | **1)Housing Authority of the City of San Diego** | **2)** | **3)Owner's Equity** | **4)** | **5)** | **6)** | **7)** | **8)** | **9)** | **10)** | **11)** | **12)** | **SUBTOTAL** | **30% PVC for New Const/Rehab** | **30% PVC for Acquisition** |

Signature of Project CPA/Tax Professional Date

**ATTACHMENT 5**
**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 or 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.

**ROSS FINANCIAL**

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May 14, 2020

Mr. Colin Miller
Vice President, Multifamily Housing Finance
Real Estate Division
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

**Re: Courthouse Commons**

Dear Mr. Miller:

The San Diego Housing Commission (the "Commission") has retained Ross Financial as its municipal advisor to analyze the feasibility of issuing tax-exempt bonds in the estimated par amount of $24,000,000 (the "Bonds") for the Courthouse Commons development (the "Development").

This feasibility analysis reviews the following items:

- Overview of the Development
- Proposed financing approach
- Benefits and risks to Commission
- Public purpose
- Recommendations

Ross Financial has based its analysis of the Development's financial feasibility on materials provided by Holland Partner Group ("Holland"), which, along with North America Sekisui House ("NASH"), has created the development and borrower entities for the Development. The materials include: (1) the joint application to the California Debt Limit Allocation Committee ("CDLAC") and the California Tax Credit Allocation Committee ("CTCAC"), (2) the financing commitment from Mizuho Bank as the letter of credit bank and credit enhancement provider for the Bonds (the "Bank"), (3) the market study performed by Concord Group in support of the application to CDLAC, and (4) Holland's pro forma financial schedules for the Development. Ross Financial has not visited the site of the proposed Development and has had no role in the selection of the Bank or in the development of the Bond structure.

## OVERVIEW OF DEVELOPMENT

***Development Summary***. The Development is a new construction residential project consisting of 82 units of which (a) 41 units will be affordable to families with incomes that do not exceed 50% of area median income ("AMI") and (b) 41 units will be market rate. The Development has 24-hour staffing in lieu of a dedicated manager's unit.

The Development is one component of a 37-story mixed-use project of Type I concrete construction consisting of 29 levels of residential units and amenities over 8 levels of commercial office and ground floor retail. The overall project is comprised of 431 apartment units aggregating 408,349 square feet, approximately 17,812 square feet of ground floor retail and approximately 250,000 square feet of office. The overall project will contain five levels of underground parking with an aggregate of 670 parking spaces.

Site amenities include a rooftop lounge with pool, spa and outdoor terrace, 8th floor outdoor deck with BBQs, resident lounge with dining area, dog run, fitness center and meeting spaces. Unit amenities include: central heating/cooling, refrigerators, stove/oven, dishwasher, quartz countertops, tile backsplashes, USB power outlets in the kitchen and master bedroom, thermostat, vinyl flooring, cabinetry, shades and CAT6 cabling. Service amenities will be provided by Project Access Resource Centers and will include: instructor-led educational, health and wellness, and skill building classes and a service coordinator/social worker.

The unit mix and applicable affordability restrictions for the Development are shown in the following table:

| Courthouse Commons | Market Units | 50% AMI | Total Units |
|---|---|---|---|
| Studio | 9 | 7 | 16 |
| 1 Bedroom | 31 | 18 | 49 |
| 2 Bedroom | 1 | 14 | 15 |
| 3 Bedroom | 0 | 2 | 2 |
| **Total Units** | **41** | **41** | **82** |

***Description of Project Site***. The Development is located at 220 W. Broadway bordered by West C Street, Front Street and Union Street in San Diego (the "Site"). The Site is rectangular in shape, contains approximately 1.25 acres and is the site of the former government courthouse building.

The local neighborhood surrounding the Site is mixed-use and includes several mid- to high-rise office buildings (many for government uses) and local eating establishments. A major east-west thoroughfare in downtown San Diego is at the southern portion of the Site, a light rail station sits to the north and the Site is less than 1 mile from Interstate 5.

***Project Ownership/Borrower***. The Development will be owned by two entities. 220 W Broadway Development Partners, L.P., a Delaware limited partnership registered in

California (the "Affordable Borrower"), will own the 41 affordable units (the "Affordable Borrower"). 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company registered in California (the "Market Borrower") will own the 41 market rate units in the Development. The partners of the Affordable Borrower will be: (a) AHA SDCC MGP, LLC, a California limited liability company formed and owned by Affordable Housing Access, Inc., a California nonprofit corporation as Managing General Partner, (b) NASH-Holland 220 W Broadway GP, LLC, a Delaware limited liability company, as Co-General Partner and (c) 220 W Broadway LP, LLC, a Delaware limited liability company, as limited partner. The Market Borrower will be 100% owned by SDCC South Block, LLC which, in turn, is 100% owned by NASH-Holland SDCC Investors, LLC, a Delaware limited liability company registered in California. Each of NASH-Holland 220 W Broadway GP, LLC and 220 W Broadway LP, LLC is owned by SDCC South Block, LLC which, as noted above, is owned by NASH-Holland SDCC Investors, LLC. Affiliates of NASH and Holland are the members of NASH-Holland SDCC Investors, LLC.

According to the CDLAC application, in its 19 years since formation, Holland has developed or rehabilitated 115 multifamily rental projects aggregating approximately 40,800 units. Its California experience spans 18 years during which it has developed/rehabilitated 25 projects aggregating approximately 8,000 units. Most of its development activity in California has occurred over the past 10 years. Holland currently owns approximately 13,400 units and manages approximately 15,862 units.

According to its website, NASH is a wholly owned subsidiary of Sekisui House, Ltd. ("Sekisui"), Japan's largest single-family homebuilder. Founded in 1960, Sekisui House is a publicly traded company that has built millions of homes worldwide.

Holland and NASH have collaborated on major multifamily and mixed-use developments in San Diego, Los Angeles, San Francisco Bay Area, Denver, Seattle and Portland.

Holland and NASH are the developers of the Park & Market Project for which the Housing Authority issued $216,500,000 in bonds in 2017.

***CDLAC***. On January 17, 2020, the Housing Authority filed a joint application to CDLAC and CTCAC requesting a private activity bond allocation of $24,000,000 for the Development and a 4% low income housing tax credit reservation. CDLAC awarded the requested allocation and CTCAC reserved Federal tax credits at its meetings of April 14, 2020. CDLAC will require the issuance of the Bonds by October 27, 2020.

In connection with the CDLAC application process, on July 30, 2019, the Housing Authority adopted a resolution of intent to issue the Bonds for the Development and authorized the submission of an application to CDLAC. On the same date, a TEFRA hearing, duly noticed, was held before the City Council at which time the Development was approved for purposes of Section 147 of the Internal Revenue Code. The TEFRA

approval was signed on July 30, 2019. Because the expected date of Bond issuance will be after July 30, 2020, Federal tax law will require that a new TEFRA hearing be held.

## PROPOSED FINANCING

***Project Costs and Funding***. According to projections provided by Holland, the total cost of the Development – i.e., the Bond-financed portion of the overall project, including construction and all soft costs, is estimated at $40,852,950. The estimated sources and uses of funds will differ during construction and following construction and lease-up ("at permanent"). The following table allocates these sources and uses during construction and at permanent based on the most recent projections:

| Sources of Funds | Construction | Permanent |
|---|---|---|
| Tax-Exempt Bond Proceeds | $24,000,000 | $21,000,000 |
| Low Income Housing Tax Credit Equity | 5,385,350 | 8,385,350 |
| Borrower Equity | 11,467,600 | 11,467,600 |
| **Total** | **$40,852,950** | **$40,852,950** |
| **Uses of Funds** | | |
| Land Cost | $196,370 | $196,370 |
| Construction and Site Work | 30,252,664 | 30,252,664 |
| Architectural & Engineering | 1,105,152 | 1,105,152 |
| Construction Loan Interest & Fees | 4,002,904 | 4,002,904 |
| Other Project Costs (e.g., impact fees) | 1,648,458 | 1,648,458 |
| Contingency | 1,540,367 | 1,540,367 |
| Developer Fee | 766,915 | 766,915 |
| Other Costs | 893,735 | 893,735 |
| Reserves | 446,385 | 446,385 |
| **Total** | **$40,852,950** | **$40,852,950** |

***Bond Financing Approach***. The Housing Authority will issue the Bonds to finance the large portion of the costs of the Development. The Bonds will have the following features:

- The Bonds will be publicly offered as variable rate demand bonds that will be purchased by Stifel, Nicolas & Co. ("Stifel") as the underwriter;
- The Bonds will be secured by a direct pay letter of credit (the LOC") issued by Mizuho Bank (the "Bank") and, as a result, are expected to be rated "A/A-1" by SP Global ("S&P");
- Repayment of draws under the Bank LOC will be secured by a corporate guaranty from Sekisui House US Holdings, LLC; the LOC will **not** be secured by any interest in the Development;
- It is anticipated that the Bonds will be issued in installments up to an aggregate of $24,000,000 pursuant to a fixed draw schedule; each installment will increase the amount of Bonds outstanding;

**BOND PURCHASE AGREEMENT**

Housing Authority of the City of San Diego
Variable Rate Demand Multifamily Housing Revenue Bonds
(Courthouse Commons), Series 2020 F – $24,000,000

_____ __, 2020

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, California 92101

220 W Broadway Development Partners, L.P.
220 W Broadway Market Rate 2, LLC
5000 East Spring Street, Suite 500
Long Beach, California 90815

Affordable Housing Access, Inc.
3920 Birch Street, Suite 103
Newport Beach, California 92660

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the "Underwriter") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Housing Authority of the City of San Diego (the "Issuer"), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State"), 220 W Broadway Development Partners, L.P., a Delaware limited partnership (the "Affordable Borrower"), and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company (the "Market Rate Borrower," and jointly and severally with the Affordable Borrower, the "Borrower").

This offer is made subject to the Issuer's and the Borrower's acceptance on or before 10:00 a.m., Pacific time, on the date hereof, and, upon such acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Borrower and the Underwriter, all as of 12:30 p.m., Pacific time, on the date hereof.

Capitalized terms used in this Bond Purchase Agreement and not otherwise defined herein shall have the meanings given such terms in the Indenture of Trust, dated as of [_____] 1, 2020 (the "Indenture"), between the Issuer and [_____], as trustee (the "Trustee").

**Section 1. Purchase and Sale of Bonds; Public Offering; Establishment of Issue Price.**

(a) The above-captioned bonds (the "Bonds") will be issued on the Closing Date (as defined herein) as draw down bonds, with stated principal amount as shown in the bond caption on the first page hereof; provided, however, the principal amount due with respect to the Bonds shall be only such amount as has been drawn down. Certain terms of the Bonds are set forth in Exhibit A hereto. Interest shall accrue on the Bonds only on such principal amount as has been actually drawn. On the Closing Date (as defined below), the principal amount of $_____ of the Bonds shall be drawn down (the "Initial Draw Down Amount"). Following the Closing Date, the balance of the Bonds will be drawn down as provided in the Indenture. Each such drawing down of the Bonds following the Closing Date must be on an Interest Payment Date (a "Draw Down Date"). Draws shall be made on each Draw Down Date upon the

Trustee's and the Underwriter's receipt of a Draw Request as set forth in the Indenture. If (a) the Trustee receives notice from the Underwriter of termination of its obligations to purchase Bonds under this Bond Purchase Agreement, (b) the Trustee does not receive the purchase funds on the Draw Down Date, or (c) the Trustee does not receive from the Bank (as defined herein) an executed Annex J to the Letter of Credit (as defined herein) increasing the Stated Amount (as defined in the Letter of Credit) of the Letter of Credit to the aggregate principal amount of Bonds to be outstanding on such Draw Down Date plus forty-five (45) days of interest on such aggregate principal amount of Bonds at twelve percent (12%) per annum, then the applicable draw shall not occur. No draw may be made later than December 31, 2023 (the "Outside Draw Down Date").

(b) On the Closing Date, on the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, the principal amount of the Bonds equal to the Initial Draw Down Amount for a purchase price of 100% of the principal amount of such Bonds (the "Purchase Price"). On each Draw Down Date subsequent to the Closing Date, on the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, the aggregate principal amount of the Bonds to be drawn down for a purchase price of 100% of the principal amount of the Bonds so drawn down. On the Closing Date and on each subsequent Draw Down Date, the Underwriter will not offer or sell Bonds in their initial public offering at a price other than 100% of the principal amount thereof except upon receipt of an opinion from Bond Counsel to the effect that the offer and sale of the Bonds at the proposed price will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. The aggregate principal amount of the Bonds to be purchased by the Underwriter shall not exceed the principal amount of the Bonds shown in the caption on the first page hereof. In no event shall the Underwriter's obligations to purchase Bonds to be drawn down after the Closing Date extend beyond the Outside Draw Down Date.

(c) The Bonds shall initially bear interest at the Weekly Rate, mature on the date and have such other terms as described in the final Official Statement prepared with respect to the Bonds (the "Official Statement"). The Borrower agrees to pay to the Underwriter, as compensation for its services, an underwriting fee equal to $_____ (the "Underwriting Fee") and the fees and expenses of its counsel in the amount of $_____. The Underwriting Fee and payment of the fees and expenses of Underwriter's counsel shall be due and payable in immediately available funds on the Closing Date, solely and exclusively from funds provided by the Borrower.

The Bonds shall be in substantially the form described in, shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in the Indenture. The Bonds are authorized to be issued under Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act"), and a resolution duly adopted by the Issuer (the "Resolution"). The Issuer will make a loan to the Borrower (the "Mortgage Loan") of the proceeds of the Bonds, pursuant to a Loan Agreement, dated as of the date of the Indenture (the "Loan Agreement"), among the Issuer, the Borrower and the Trustee, in order to provide money for construction of a multifamily project and functionally related facilities identified in the Official Statement (the "Project").

Pursuant to a Reimbursement Agreement, dated as of the date of the Indenture (the "Reimbursement Agreement"), among the Borrower, SDCC South Block, LLC and Mizuho Bank, Ltd., acting through its New York Branch in its capacity as Issuing Bank and Administrative Agent (the "Bank"), the Bank will issue its irrevocable direct-pay letter of credit (the "Letter of Credit"). The Letter of Credit will support payment of the principal and purchase price of and interest on the Bonds. The Bonds will be limited obligations of the Issuer payable solely from the proceeds of draws on the Letter of

Credit and the revenues, other money, securities, funds, accounts and other items expressly pledged under the terms of the Indenture as described in the Official Statement.

The Borrower's obligations under the Loan Agreement are evidenced by a promissory note (the "Mortgage Note"). A Deed of Trust, Security Agreement, Assignment of Rents and Fixture Filing (the "Deed of Trust") will secure the obligations of the Borrower to the Trustee under the Loan Agreement. Neither the Bondowners nor the Trustee on behalf of the Bondowners will have the right to exercise remedies under the Deed of Trust so long as the Bank has not failed to honor a properly presented draw under the Letter of Credit.

The Borrower is required to operate the Project in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), among the Issuer, the Borrower and the Trustee. The Regulatory Agreement contains certain representations, warranties and covenants concerning the operation of the Project.

Pursuant to a Remarketing Agreement, dated as of the date of the Indenture (the "Remarketing Agreement"), between Stifel, Nicolaus & Company, Incorporated, as remarketing agent (the "Remarketing Agent"), and the Borrower, the Remarketing Agent will establish the Weekly Rate with respect to the Bonds and use its best efforts to remarket tendered Bonds, all in accordance with and subject to the provisions of the Indenture and the Remarketing Agreement.

This Bond Purchase Agreement, the Remarketing Agreement, the Preliminary Official Statement (as defined below), the Official Statement, the Resolution, the Indenture, the Bonds, the Regulatory Agreement, the Tax Certificate, the Loan Agreement, the Mortgage Note, the Deed of Trust, the Letter of Credit and the Reimbursement Agreement are collectively referred to as the "Bond Documents." The Bond Documents to which the Issuer is a party are referred to herein as the "Issuer Documents." The Bond Documents to which the Borrower is a party are referred to herein as the "Borrower Documents." The Bond Documents to which the Trustee is a party are referred to herein as the "Trustee Documents."

The Indenture and the Loan Agreement shall be in substantially the forms approved by the Resolution and shall be entered into by the parties thereto with only such changes as shall be made hereafter by mutual agreement of such parties and the Underwriter.

(d) The Underwriter will make a bona fide public offering of all the Bonds as set forth above in this Section 1.

The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, in the form attached hereto as Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

The Issuer will treat the first price at which 10% of each maturity of the Bonds (the "10% test) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall

continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. For this purpose, a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) The Underwriter reserves the right to overallot or effect transactions that stabilize or maintain the market price of the Bonds at levels above those which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. In connection with the offering of the Bonds, the Underwriter will abide by all applicable rules of the Municipal Securities Rulemaking Board.

**Section 2. Closing.**

On _____ __, 2020, on or before 9:30 a.m. Pacific Time or on such other day and at such other time as shall have been mutually agreed upon by the Issuer, the Borrower and the Underwriter (the "Closing Date" and the "Closing Time"), the Issuer shall deliver or cause to be delivered the Bonds in the Initial Draw Down Amount to or for the account of the Underwriter, duly executed on its behalf and authenticated by the Trustee, to be held by the Trustee as agent for DTC, together with the other documents herein mentioned. On the Closing Date, the Underwriter will accept such delivery and pay for the Bonds as set forth in Section 1 by causing to be delivered to the Trustee, by federal funds wire transfer, the amount of the Purchase Price (the "Closing"). The Bonds shall be delivered in fully registered form and shall be made available to the Underwriter at least one Business Day before the Closing Date for inspection, and shall be held by the Trustee, as agent for DTC, for safe keeping until the Closing Date. Upon initial issuance, the Issuer will cause the Trustee to register the ownership of such Bonds in the Bond Register in the name of Cede & Co., as the nominee of DTC.

Payment for the Bonds and delivery of other documents required by this Bond Purchase Agreement to be delivered on the Closing Date shall be made at the offices of Bond Counsel in San Francisco, California, or at such other location as is mutually agreed to by the Issuer, the Borrower and the Underwriter.

**Section 3. Representations and Warranties of the Issuer.**

The Issuer represents, warrants to, and covenants and agrees with, the Underwriter and the Borrower that:

(a) On the date hereof and on the Closing Date, the statements and information contained in the Preliminary Official Statement and the Official Statement under the headings "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer," are and will be true, correct and complete in all material respects, and such statements and information in the Preliminary Official Statement and the Official Statement relating to the Issuer do not and will not contain any untrue statement of a material fact

or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

(b) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or to the best of the Issuer's knowledge threatened against the Issuer in any way:

(1) Affecting the organization of the Issuer, or the legal or corporate existence of the Issuer, or the title of the members of the Issuer to their respective offices, or any powers of the Issuer under the Constitution or the laws of the State pursuant to which the Issuer was created;

(2) Seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of revenues from the Borrower derived from payments under the Loan Agreement, or the pledge thereof;

(3) Contesting or affecting the validity or enforceability of the Resolution adopted by the Issuer pursuant to the Act or the Issuer Documents;

(4) Contesting the power of the Issuer to enter into, execute and deliver the documents listed in clause (3) above or to consummate the transactions contemplated by such documents and the Preliminary Official Statement and the Official Statement; or

(5) Wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Issuer Documents, the financial position or condition of the Issuer or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

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

(d) The Issuer is a public body, corporate and politic, duly organized and existing under the laws of the State, established by and acting pursuant to the Act, and has, and at the Closing Date will have, full legal right, power and authority under the Constitution and the laws of the State: (i) to execute and deliver into the Issuer Documents; (ii) to adopt the Resolution; (iii) to issue, sell and deliver the Bonds to the Underwriter under the Indenture and as provided herein; (iv) to pledge and assign the revenue, other money, securities, funds, accounts, guarantees, insurance, and other items pledged under the terms of the Indenture, as provision of and security for the payment of the principal of and interest on the Bonds, and to similarly pledge all money, securities and earnings held in the funds and accounts held under the Indenture, all in the manner described in the Resolution, the Indenture and the Loan Agreement; and (v) to carry out, give effect to and consummate all the other transactions contemplated by the Issuer Documents, the Resolution, the Preliminary Official Statement and the Official Statement.

(e) The Issuer has duly and validly adopted the Resolution, has duly authorized and approved the use of the Preliminary Official Statement and the Official Statement, and the execution and delivery of the Bonds and the Issuer Documents, and has duly authorized and approved the performance by the Issuer of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of those documents, and at the Closing Date, the Bonds and the Issuer Documents will constitute the valid, legal and binding obligations of the Issuer (assuming due authorization, execution and delivery by the other parties thereto, where

necessary) in accordance with their respective terms, and the Resolution and will be in full force and effect.

(f) To the best of the Issuer's knowledge, the Issuer's execution and delivery of the Bonds and the Issuer Documents, the Issuer's consummation of the transactions contemplated by such documents, and the Issuer's fulfillment of or compliance with the terms, conditions or provisions thereof will not conflict with, violate or result in the breach of any of the terms, conditions or provisions of any constitutional provision or statute of the State or of any agreement, instrument, statute, governmental rule or regulation, law and order, judgment or decree to which the Issuer is now a party or by which it is bound, and will not constitute a default under any of the foregoing that has not been waived or consented to in writing by the appropriate party or parties, and will not result in the creation or imposition of any lien, charge, security interest or encumbrance of any nature upon any property or assets of the Issuer prohibited under the terms of any such agreement, instrument, statute, governmental rule or regulation, court order, judgment or decree.

(g) Upon delivery of the Bonds, the Issuer will have good right, full power and lawful authority to pledge and assign the Trust Estate described in the Indenture to the Trustee as provided in the Indenture and the Resolution.

(h) The Issuer has complied, and will at the Closing Date be in compliance, in all respects with the Resolution and the Issuer Documents.

(i) All approvals, consents, authorization, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction that would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Issuer of its obligations hereunder or under the Bonds or any of the Issuer Documents have been obtained and are in full force and effect.

(j) The Issuer, at the expense of the Borrower, will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, provided that in connection therewith the Issuer shall not be required to file a general consent to service of process in any jurisdiction.

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

(l) Any certificate signed by the Executive Director or other authorized officer of the Issuer shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

(m) The Issuer will cause the proceeds of the Bonds to be deposited with the Trustee in accordance with the Indenture and as contemplated by the Preliminary Official Statement and the Official Statement.

(n) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(o) The Issuer has not taken or omitted to take on or before the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

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

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

(r) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture.

The execution and delivery of this Bond Purchase Agreement by the Issuer shall constitute a representation to the Underwriter that the representations and warranties contained in this Section are true as of the date hereof and as of each Draw Down Date.

**Section 4. Representations and Warranties of the Borrower.**

Each Borrower, on behalf of itself only and not on behalf of any other Borrower, represents and warrants to the Underwriter, Bond Counsel and the Issuer, as of the date hereof (unless otherwise stated below), as of the Closing Date and as of each Draw Down Date, as follows:

(a) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or to the knowledge of the Borrower threatened against or affecting the Borrower or any of its officers, nor to the knowledge of the Borrower is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the transactions contemplated by the Indenture or the Borrower Documents, or which would adversely affect, in any way:

(1) The legal existence or powers of the Affordable Borrower or the Market Rate Borrower, or their status as a limited partnership and a limited liability company, respectively; or

(2) The issuance or delivery of the Bonds or the collection of revenue by the Borrower from which the Borrower is obligated to make payments under the Loan Agreement and the Reimbursement Agreement; or

(3) The validity or enforceability of the Bonds, the Borrower Documents, or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby; or

(4) The powers of the Borrower to enter into, execute and deliver the Borrower Documents, or to perform its obligations under and consummate the transactions contemplated by the Borrower Documents; or

(5) The due performance by the Borrower of the transactions contemplated by the Official Statement or the Borrower Documents.

(6) The exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(7) The financial condition or operations of the Borrower. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(8) The completeness or accuracy of the descriptions in the Preliminary Official Statement or the Official Statement of the Project, the Borrower or the private participants or any amendment or supplement thereto (nor, to the best actual knowledge of the Borrower, is there any basis therefor).

(b) (1) The Affordable Borrower is, and will be on the Closing Date, a limited partnership, duly organized and validly existing under the laws of the State of Delaware, with the power to own its property and carry on its business as now being conducted, and duly qualified and authorized to do business in the State; and (2) the Market Rate Borrower is, and will be on the Closing Date, a limited liability company, duly organized and validly existing under the laws of the State of Delaware, with the power to own its property and carry on its business as now being conducted, and duly qualified and authorized to do business in the State.

(c) The Borrower has full power and authority (corporate or otherwise) to approve the terms of the Indenture, to execute and deliver the Borrower Documents and to perform and observe the terms and conditions hereof and thereof. The Borrower has full power, authority and legal right to engage in the business and activities conducted or proposed to be conducted by it with respect to the Project.

(d) The Borrower has duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, (iii) preparation of the Official Statement, and (iv) consummation by the Borrower of all of the transactions contemplated by the Borrower Documents.

(e) The officers or other representatives of the Borrower executing the Borrower Documents on behalf of the Borrower are (or were at the time of execution of any such document which has heretofore been executed) duly and properly in office and duly authorized to execute the same.

(f) The Borrower Documents, when executed and delivered by the Borrower, will be legal, valid and binding agreements of the Borrower, each enforceable against the Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium, or other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity, and, with respect to the indemnification provisions of this Bond Purchase Agreement, by applicable securities laws or held to be against public policy.

(g) Neither the Borrower's execution and delivery of the Borrower Documents, nor the Borrower's consummation of the transactions contemplated by such documents, nor the Borrower's fulfillment of or compliance with the terms and conditions thereof or hereof will conflict with, violate or result in a material breach of any of the terms, conditions or provisions of any corporate restriction or of any agreement or instrument, or any statute, governmental rule or regulation, court order, judgment or

decree to which the Borrower is now a party or by which it is bound, or will constitute a default under any of the foregoing that has not been waived or consented to in writing by the appropriate party or parties.

(h) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities that would constitute a condition precedent to, or the failure of which to obtain would materially adversely affect, the performance by the Borrower of its obligations hereunder, or the consummation of the transactions contemplated in the Indenture or the Borrower Documents, have been or will be duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any state in connection with the offering and sale of the Bonds.

(i) All information and data furnished by the Borrower to the Issuer, the Bank and the Underwriter are complete and correct in all material respects.

(j) The Borrower has complied in all material respects with all applicable requirements of the United States and the State, and of their respective agencies and instrumentalities, to own and operate the Project and has obtained all necessary permits, licenses, certifications, accreditations and qualifications required to conduct its business as it is presently being conducted.

(k) As of the Closing Date, the Borrower will have good and marketable title to the Project.

(l) No information, exhibit or report about the Borrower furnished in writing by the Borrower to the Issuer, the Bank or the Underwriter or any other person in connection with the Bonds, the Indenture or the Borrower Documents contains any material misstatement of fact or omits to state a material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(m) The factual information set forth in the Preliminary Official Statement and the Official Statement, as of the date thereof and at all times subsequent thereto up to and including the Closing Date does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (the foregoing sentence does not apply to, and the Borrower makes no representation or certification with respect to, summaries of agreements and matters of interpretation, opinion, or estimates, and with respect to the information in the Preliminary Official Statement and the Official Statement under the headings "THE BANK," "THE ISSUER," "THE TRUSTEE," "CERTAIN BONDOWNERS' RISKS," "TAX MATTERS," "UNDERWRITING," "CERTAIN LEGAL MATTERS," and "ABSENCE OF MATERIAL LITIGATION – The Issuer," and in Appendices B, C, D, E and F).

(n) The Borrower is not now in default in any payment due with respect to any of its obligations in connection with any debt incurred by the Borrower.

(o) As of the Closing Date, all of the warranties and representations of the Borrower in the Borrower Documents are true and correct.

(p) As of the Closing Date, all conditions precedent to the issuance of the Bonds under the Bond Documents to be performed by the Borrower, its employees or its agents have been complied with.

(q) Any certificate signed by any official of the Borrower and delivered to the Underwriter shall be deemed a representation and warranty by the Borrower to the Underwriter as to the truth of the

statements therein contained with the same effect as if such representation and warranty were set forth in this Bond Purchase Agreement.

(r) After the Closing Date, the Borrower shall not participate in the issuance of any amendment of or supplement during the underwriting period to the Official Statement except as prescribed herein.

(s) On the Closing Date, the Borrower shall not have granted any interest in or rights or options to sell the Bonds to any other party.

(t) All permits (including building permits), licenses and authorizations necessary for the ownership and operation of the Project in the manner contemplated by the Preliminary Official Statement and the Official Statement and each of the Borrower Documents have been obtained or are expected to be obtained, and said ownership and operation are not, to the best knowledge of the Borrower, in conflict with any zoning or similar ordinance applicable to the Project. The Project conforms to all material environmental regulations known to the Borrower.

(u) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(v) On the Closing Date, each of the representations and warranties of the Borrower contained in the Borrower Documents and all other documents executed by the Borrower in connection with the Bonds shall be true and correct in all material respects.

(w) The Borrower has reviewed and agreed to the conditions for disbursement of the Loan as set forth in the Indenture and the Loan Agreement.

**Section 5. Representations of the Underwriter.**

(a) The Underwriter represents to the Issuer and the Borrower that: (a) the Underwriter has the corporate power and all the authority necessary to enter into this Bond Purchase Agreement and to perform its covenants, obligations and undertakings hereunder; and (b) when duly executed and delivered by the other parties hereto, this Bond Purchase Agreement will constitute a valid, binding and enforceable obligation of the Underwriter in accordance with its terms, except that the enforceability hereof may be limited by bankruptcy, insolvency, reorganization or moratorium, or other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity, and, with respect to the indemnification provisions of this Bond Purchase Agreement, by applicable securities laws or held to be against public policy.

**Section 6. Official Statement; Amendment of Official Statement; Changes Affecting Official Statement After Closing.**

(a) As soon as practicable after the date hereof, and in any event within seven business days after the date hereof, the Borrower shall deliver, or cause to be delivered, to the Underwriter copies of the Preliminary Official Statement dated _____ __, 2020 prepared with respect to the Bonds (the "Preliminary Official Statement"), and the Official Statement executed on behalf of the Borrower by its duly authorized officers or representatives. The Borrower and the Issuer agree to provide, or cause to be provided (at the Borrower's sole expense), to the Underwriter, at such addresses as the Underwriter may specify, as many copies of the Preliminary Official Statement or the Official Statement as the Underwriter reasonably requests as necessary to comply with Rule G-32 and all other applicable rules of the Municipal

Securities Rulemaking Board, including copies in "designated electronic format" (as defined by MSRB in Rule G-32), in quantities specified by the Underwriter and sufficient to enable the Underwriter (i) to send a single copy of the Official Statement to any potential customer upon request until the earlier of (A) 90 days from the End of the Underwriting Period (as defined below) or (B) the time when the Official Statement is available to any person from the MSRB, but in no case fewer than 25 days following the End of the Underwriting Period and (ii) to comply with any applicable rules of the MSRB. The Underwriter agrees to promptly file the Official Statement with the MSRB or its designee (including EMMA).

During the period commencing on the effective date and time of this Bond Purchase Agreement and ending 25 days following the End of the Underwriting Period (the "Update Period"), if any event shall occur which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading, and in the judgment of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer and the Borrower will, at the expense of the Borrower, prepare or cooperate in the preparation of such supplement or amendment to the Official Statement, including but not limited to the Supplements, in a form approved by the Underwriter and furnish or cooperate in the furnishing to the Underwriter (at the expense of the Borrower) a reasonable number of copies of an amendment of, or a supplement to, the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. If the Official Statement is so supplemented or amended prior to the Closing, the approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement in accordance with the provisions of Section 10 hereof.

The "End of the Underwriting Period" is used as defined in Rule 15c2-12 and means the later of (i) the delivery of the Bonds by the Issuer to the Underwriter or (ii) when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public; provided, that the "End of the Underwriting Period" shall be deemed to be the Closing Date, unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds, in which case the End of the Underwriting Period shall be deemed to be extended for 30 days (or such shorter period ending when the Underwriter retains no unsold balance). The deemed End of the Underwriting Period may be extended for two additional periods of 30 days each (or such shorter period ending when the Underwriter retains no unsold balance) upon receipt of an additional written notification from the Underwriter containing the same information as required in the initial written notice.

If, during the Update Period, the Issuer becomes aware of any event relating to the Issuer which would cause the Official Statement to contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein with respect to the Issuer, in the light of the circumstance under which they were made, not misleading, the Issuer will promptly notify the Underwriter and the Borrower of such event.

If, during the Update Period, the Borrower becomes aware of any event which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Borrower will promptly notify the Underwriter and the Issuer of such event.

The Borrower will undertake, pursuant to the Continuing Disclosure Agreement, to provide certain annual financial information and notices of the occurrence of certain events required by Rule 15c2-12.

The Borrower represents and warrants to the Underwriter and the Issuer that the Borrower has not failed during the previous 5 years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement made pursuant to Rule 15c2-12.

Additionally, in connection with the sale of Bonds on each Draw Down Date, the Borrower will cause to be delivered to the Underwriter, without charge, in such quantities as the Underwriter has requested or may hereafter reasonably request, copies of Supplements to the Official Statement (the "Supplements") setting forth updated disclosure for the Bank as well as such other disclosure as the Underwriter shall reasonably request. The Borrower agrees to act as agent for the Issuer for the purpose of delivering the Preliminary Official Statement, the Official Statement and any Supplements within seven business days after the execution hereof and, in any event, in sufficient time to accompany any confirmation that requests payment from any customer. The Official Statement may be revised, amended, changed or supplemented after the execution of this Bond Purchase Agreement only with the permission of the Underwriter, which permission will not be unreasonably withheld.

(b) The Issuer and the Borrower acknowledge that the Underwriter is required to comply with the requirements of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule") in connection with the offer and sale of the Bonds and each agrees to cooperate (at the cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the Rule and any other rules of the SEC or MSRB in connection with the offer and sale of the Bonds. To this end, the Borrower has delivered to the Underwriter the Preliminary Official Statement that the Borrower deemed final as of its date, except for the omission of no more than the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, other terms of the Bonds depending on such matters and the identity of the Underwriter. To evidence this, the Borrower will execute and deliver a certificate in the form attached as Exhibit B hereto. The Borrower, its partners and its members, as the case may be, and all entities affiliated with the Borrower and its partners and members have complied with all of their previous continuing disclosure obligations under the Rule, if any (except to the extent described in the Preliminary Official Statement and the Official Statement).

(c) The obligations of the Borrower hereunder to enter into the Borrower Documents, and of the Underwriter hereunder to purchase the Bonds, are each subject to the condition that between the date hereof and the Closing Date, no event shall have occurred and no information shall have become known which, in the judgment of the Borrower or the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The party determining in good faith that such an event has occurred or learning of such information shall be relieved of its obligations hereunder if that party provides written notice to the other party of such event or information.

(d) The Issuer and the Borrower each hereby (i) confirms its consent to the use prior to the date hereof by the Underwriter of the Preliminary Official Statement (in printed and electronic form) in the marketing of the Bonds, (ii) authorizes the Underwriter to prepare, use and distribute (at the expense of the Borrower) the Official Statement and the Supplements in final form in connection with the offering and sale of the Bonds and (iii) confirms that it does not object to distribution of the Official Statement and the Supplements in electronic form. The Borrower and the Issuer authorize and approve the Preliminary Official Statement and the Official Statement, and, by their respective execution of this Bond Purchase Agreement, consent to and ratify the distribution thereof by the Underwriter and authorize the execution of the Official Statement by the duly authorized officers or representatives of the Borrower.

**Section 7. Undertakings and Covenants of the Issuer and the Borrower.**

The Issuer and the Borrower covenant and agree with the Underwriter that:

(a) They will cooperate with the Underwriter in obtaining the qualification of the Bonds for sale and in determining their eligibility for investment under the laws of such jurisdictions as the Underwriter designates, and will use their best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, that neither the Issuer nor the Borrower shall be required to undertake the registration or the qualification of the Bonds, to file consent to suit or a general consent to service of process, or to qualify to do business in any jurisdiction;

(b) They will, prior to the Closing Date, advise the Underwriter promptly of the institution of any legal proceedings of which they have knowledge affecting the use of the Preliminary Official Statement or the Official Statement in connection with the public offering, sale and distribution of the Bonds; and

(c) For a period of the earlier of 90 days from the date hereof or until 25 days after the end of the underwriting period for the Bonds, if any event shall occur as a result of which it is necessary to supplement the Official Statement in order to make the statements therein, in the light of the circumstances existing at such time, not misleading, the Issuer and the Borrower shall each forthwith notify the Underwriter of any such event of which the Issuer or the Borrower, as applicable, has knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Official Statement necessary, in the Underwriter's opinion, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time. For the purposes of the foregoing, the end of the underwriting period for the Bonds shall be the Closing Date unless the Underwriter specifically notifies the Issuer and the Borrower in writing to the contrary. If, at any time prior to the Closing Date, any event occurs of which the Issuer or the Borrower has knowledge as a result of which the Preliminary Official Statement or the Official Statement would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer or the Borrower, as applicable, will notify the Underwriter immediately of such event and cooperate in the prompt preparation of an amendment or supplement to the Preliminary Official Statement or the Official Statement which will correct such statement or omission, the cost of which shall be paid by the Borrower.

The Issuer hereby makes the following further covenants with the Underwriter and the Borrower:

(d) Prior to the Closing, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Bond Documents.

(e) The Issuer will not take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture and described in the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

The Borrower hereby makes the following covenants with the Underwriter and the Issuer:

(f) Prior to the Closing (except as provided in the Borrower Documents), the Borrower will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the

revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Bond Documents.

(g) The Borrower will cooperate with the Issuer to cause the Bonds to be delivered to the address and at the time specified by the Underwriter in conjunction with the Closing.

(h) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds, or other money on deposit in any fund or account in connection with the Bonds, to be applied in a manner other than as provided in the Indenture and described in the Preliminary Official Statement and the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

**Section 8. Conditions to Underwriter's Obligations.**

(a) The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date and on each subsequent Draw Down Date shall be subject, at the option of the Underwriter, to the following additional conditions:

(1) The Issuer and the Borrower shall have performed their respective obligations to be performed hereunder at or prior to the Closing Date and each Draw Down Date.

(2) The representations and warranties of the Issuer and the Borrower contained herein shall be accurate in all material respects as of the date hereof, as of the Closing Date and as of each Draw Down Date.

(3) The statements of the officers and other officials of the Issuer and the Borrower made in any documents or certificates furnished pursuant to the provisions hereof shall be accurate in all material respects.

(4) The Bond Documents, the Preliminary Official Statement and the Official Statement (i) shall have been duly authorized, executed and delivered by the respective parties thereto in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to by the Underwriter, (ii) shall be in full force and effect; and (iii) shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter. Furthermore, there shall have been taken in connection with the authorization, execution and delivery of the Bond Documents, with the delivery of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as shall be necessary and appropriate.

(5) The Official Statement shall have been authorized by the Issuer and authorized and executed by the Borrower and delivered to the Underwriter, and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter.

(6) All conditions precedent to the issuance of the Bonds arising from the Indenture and the Loan Agreement shall have been satisfied, and the Bank shall have performed its obligations thereunder and under the Letter of Credit Documents.

(7) As of the Closing Date and each Draw Down Date, no default or event of default (as defined in any of the Bond Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(8) As of the Closing Date and each Draw Down Date, no material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the Project) of, any of the Issuer, the Bank or the Borrower.

(b) The obligations of the Underwriter are also subject, in the discretion of the Underwriter, to receipt by the Underwriter on the Closing Date and each Draw Down Date (to the extent specifically noted below) of properly executed, certified or otherwise verified copies of the following documents, instruments, certificates and opinions, each satisfactory in form and substance to the Underwriter, which documents, instruments, certificates and opinions shall be deemed conclusively to have been received in form and substance satisfactory to the Underwriter, or waived, by the Underwriter, upon the payment by the Underwriter of the Purchase Price of the Bonds to the Issuer on the Closing Date and each Draw Down Date:

(1) The Bond Documents, executed by the respective parties thereto;

(2) The Resolution, as certified by an authorized officer of the Issuer that it is a true, correct and complete copy of the document duly adopted and authorized by the Issuer and that it has not been amended, modified or rescinded (except as may have been agreed to by the Underwriter) and is in full force and effect as of the Closing Date;

(3) The approving opinion of Bond Counsel (the "Bond Opinion"), addressed to the Issuer (with a reliance letter addressed to the Trustee, the Administrative Agent and the Underwriter), as to the validity of the Bonds and as to the exclusion of interest on the Bonds from the gross income of the recipients thereof for purposes of federal income taxation, except for a "substantial user" or a "related person" as those terms are defined in Section 147(a) of the Code, dated the Closing Date and in substantially the form of Appendix D to the Preliminary Official Statement and the Official Statement;

(4) The supplemental opinion of Bond Counsel, addressed to the Underwriter, dated the Closing Date, to the effect that (i) the Bond Purchase Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Issuer; (ii) the Bonds constitute exempted securities within the meaning of the Securities Act of 1933, as amended, the Indenture is exempt from application of the Trust Indenture Act of 1939, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under the Securities Act of 1933 or to qualify any indenture under the Trust Indenture Act of 1939; and (iii) the statements contained in the Preliminary Official Statement and the Official Statement, as of the respective dates of such documents and the date of the opinion, under the captions "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "APPENDIX A—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL DOCUMENTS" and "APPENDIX D—FORM OF OPINION OF BOND COUNSEL," insofar as such statements expressly summarize certain provisions of the Indenture, the Loan Agreement, the Regulatory Agreement and the form and content of the Bond Opinion, are accurate in all material respects.

(5) The opinion of the City Attorney of the Issuer, counsel to the Issuer, addressed to the Issuer, the Borrower, the Trustee, the Bank and the Underwriter, dated the Closing Date, to the effect that (i) the Issuer is a public body, corporate and politic, duly organized and existing under the laws of the State, established by and acting pursuant to the Act; (ii) the Resolution has been duly adopted by the Issuer and the Resolution is in full force and effect; (iii) the Issuer Documents have been duly authorized executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting

generally the enforcement of creditors' rights, and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought; (iv) based on the certificate of the Issuer, without independently verifying the information therein, to our knowledge no litigation is pending or threatened in any court of competent jurisdiction, state or federal, in any way (a) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, or (b) questioning or affecting the validity of any of the proceedings relating to the authorization, sale, execution, issuance or delivery of the Bonds, or (c) questioning or affecting the Issuer Documents, or (d) affecting the organization or existence of the Issuer or the title to office of the officers thereof; and (v) the statements contained in the Preliminary Official Statement and the Official Statement, as of the respective dates of such documents and the date of the opinion, under the headings "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer" do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(6) The opinion(s) of Oregon Law Group, PC and/or Chernove & Associates, Inc., counsel to the Borrower, addressed to the Issuer, the Trustee, the Bank, and the Underwriter, dated the Closing Date, to the effect that: (i) the Affordable Borrower is validly existing as a limited partnership under the laws of the State of Delaware; (ii) the Market Rate Borrower is validly existing as a limited liability company under the laws of the State of Delaware (iii) to their knowledge after due and diligent inquiry, there is no action, suit or proceeding, at law or in equity, before or by any court, governmental agency, public board or body, in either case pending or threatened against the Borrower in any way, contesting or affecting the corporate existence of the Borrower or the titles of the Borrower's officers to their respective offices; (iv) the Borrower has complied with all applicable material requirements of the United States and the State, and of their respective agencies and instrumentalities, to own and operate its present facilities substantially as they are being operated and is fully qualified by all necessary permits, licenses, accreditations and qualifications to conduct its business as it is presently being conducted; (v) the Borrower has full legal right, power and authority to execute and deliver the Borrower Documents and to carry out and consummate the transactions contemplated by such documents, the Bonds and the Indenture; (vi) the Borrower Documents have been duly authorized, executed and delivered by the Borrower, and assuming the due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the Borrower enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies, and except as the indemnification provisions of the Indenture, Loan Agreement, Reimbursement Agreement or Bond Purchase Agreement may be limited by applicable securities laws or held to be against public policy; (vii) no approval, authorization, or other action by, or filing with, any governmental authority is required in connection with the execution, delivery and performance by the Borrower of the Borrower Documents and the consummation of the transactions contemplated thereby, except for such approvals, consents and orders as may be required under federal securities laws and the "blue sky" or securities laws of any state in connection with the offering and sale of the Bonds; (viii) the Borrower has duly approved and authorized the execution, delivery and distribution of the Official Statement; (ix) they have read the Preliminary Official Statement and the Official Statement, and nothing has come to their attention which would lead them to believe that the information in the Preliminary Official Statement or the Official Statement, as of the respective dates of such documents and the date of the opinion (subject to such exceptions and qualifications as are acceptable to the Issuer and the Underwriter), contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (x) to their knowledge after due and diligent inquiry, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or federal, state, municipal or other governmental authority, pending or threatened against or

affecting the Borrower or its assets, properties or operations, which, if determined adversely to the Borrower, would have a material adverse effect upon the validity of the Bonds or the consummation of the transactions contemplated by the Borrower Documents, or upon the assets, properties or operations of the Borrower; (xi) to their knowledge, the Borrower is not in breach or 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 breach or default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Bonds, the Borrower Documents or the financial condition, assets, properties or operations of the Borrower; (xii) to their knowledge, the Borrower is not in breach or default with respect to any loan agreement, indenture, lease, sublease, bond, note, resolution, agreement or other instrument to which the Borrower is a party or is otherwise subject, which breach or default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Bonds or the Borrower Documents or the financial condition, assets, properties or operations of the Borrower; and, to their knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument to the extent that the existence of such instruments are known to them; (xiii) neither the execution and delivery by the Borrower of the Borrower Documents, nor the consummation of the transactions contemplated thereby or by the Bonds, the Indenture, the Preliminary Official Statement or the Official Statement, nor the fulfillment of or compliance with the terms and conditions thereof, conflicts with, violates or results in a breach of or default under the Articles of Incorporation or Bylaws of the Borrower, or any applicable law, administrative regulation, judgment, order or decree, or any loan agreement, indenture, lease, sublease, bond, note, resolution, agreement or other instrument to which the Borrower is a party or is otherwise subject; nor, to their knowledge, will any such execution, delivery, adoption, fulfillment or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower under any such law, administrative regulation, judgment, order, decree or demand, the Borrower's Articles of Incorporation or Bylaws, or any such loan agreement, indenture, bond, lease, sublease, note, resolution, agreement or other instrument, except as permitted in the Borrower Documents; and (xiv) nothing has come to their attention that would lead them to believe that the representations and warranties of the Borrower contained in any of the Borrower Documents are untrue, incomplete or misleading in any respect;

(7) A certificate of the Trustee, dated the Closing Date and signed by an authorized representative of the Trustee, to the effect that (i) the Trustee is a [_____], duly organized and validly existing under the laws of [_____], legally doing business and duly qualified to exercise trust powers in the State, eligible under the Indenture to act as Trustee thereunder, and has full corporate right, power and authority to hold the Letter of Credit and to accept the trusts contemplated by and to perform all duties and obligations on its part to be performed and to take all actions required or permitted on its part to be taken under and pursuant to the Trustee Documents; (ii) the Trustee has duly authorized the acceptance of the Letter of Credit and of the trusts contemplated by the Indenture, has duly accepted the duties and obligations of Trustee thereunder and has duly authorized, executed and delivered the Trustee Documents, and the duties and obligations of the Trustee thereunder constitute (or will when executed constitute) valid, legal and binding obligations of the Trustee enforceable in accordance with their terms except as enforcement may be limited by bankruptcy, insolvency, reorganization or similar laws or equitable principles limiting creditors' rights generally; (iii) all approvals, consents, authorizations, elections and orders of or filing or registrations with any governmental authority, agency, board or commission having jurisdiction in the matter which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Trustee of its duties and obligations under the Trustee Documents have been obtained and are in full force and effect; (iv) the acceptance of the Letter of Credit and the duties and obligations of the Trustee under the Indenture, the execution and delivery of the Trustee Documents, and the performance or the consummation of the transactions on the part of the Trustee contemplated therein and the compliance by the Trustee with the

terms, conditions and provisions of such documents have been duly authorized by all necessary corporate action on the part of the Trustee and do not contravene any provisions of applicable law or regulation or any order, decree, writ or injunction or the Trustee's Articles of Association or Bylaws, and do not require consent under (except to the extent such consent has been obtained), or result in a breach of or default under, any credit agreement or other instrument to which the Trustee is a party or is otherwise subject or bound; and (v) the information in the Preliminary Official Statement and the Official Statement under the heading "THE TRUSTEE" does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(8) The opinion of Norris George & Ostrow PLLC, counsel to the Underwriter, addressed to the Underwriter, dated the Closing Date, to the effect that (i) it is not necessary, in connection with the offer and sale of the Bonds, to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Indenture under the Trust Indenture Act of 1939, as amended and (ii) the review by counsel to the Underwriter of the Preliminary Official Statement and the Official Statement did not disclose to counsel to the Underwriter any information which gives them reason to believe that the Preliminary Official Statement or the Official Statement (except as to the statistical and financial data or any information regarding DTC included in the Preliminary Official Statement or the Official Statement as to which counsel to the Underwriter does not express any opinion), as of the respective dates of such documents and the date of the opinion, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(9) The opinion of Chapman and Cutler, LLP, U.S. counsel to the Bank, in form and substance satisfactory to the Underwriter.

(10) The opinion of [_____], Japanese counsel to the Bank, in form and substance satisfactory to the Underwriter.

(11) A certificate of the Borrower, dated the Closing Date, to the effect that: (i) the Borrower has duly performed all of its obligations under this Bond Purchase Agreement to be performed at or prior to the Closing Date; (ii) each of the representations and warranties of the Borrower contained in the Borrower Documents are true and correct as of the Closing Date with the same effect as if made on the Closing Date; (iii) there has not been any material adverse change in the financial position or results of operation of the Borrower since the date of the Official Statement that would impair the ability of the Borrower to carry out the Project as contemplated by the Official Statement; (iv) except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower, nor, to the best knowledge of the Borrower, is there any basis therefor, wherein an unfavorable decision, ruling or finding would, in any way, adversely affect the transactions contemplated by, or the validity or enforceability of, any Borrower Document or which, in any way, would adversely affect the undertaking and accomplishment of the Project or which might result in any material adverse change in the business, operations, properties, assets, liabilities or condition (financial or other) of the Borrower; and (v) the information in the Preliminary Official Statement and the Official Statement relating to the Borrower, the Project and the private participants or provided by or on behalf of the Borrower does not contain an untrue statement of a material fact or fail to state a material fact necessary in order to make the statements made therein, in the light of the circumstances in which they were made, not misleading as of the date thereof;

(12) A certificate, dated the Closing Date and signed by the Executive Director or other authorized officer of the Issuer, to the effect that (i) the representations and warranties of the Issuer

contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the knowledge of the Executive Director or other authorized officer, the sections of the Preliminary Official Statement and the Official Statement under the headings "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer" do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading; (iii) to the knowledge of the Executive Director or other authorized officer, no event with respect to the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein pertaining to the Issuer not misleading; (iv) the Issuer has taken all requisite action within its control under the Issuer Documents to ensure that the interest on the Bonds will be exempt from federal income taxation under Section 142 of the Code, except interest on any Bond for any period during which it is held by a "substantial user" or a "related person," as those terms are used in Section 147(a) of the Code; and (v) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Issuer Documents or the Official Statement or otherwise at or prior to the Closing;

(13) The Tax Certificate and such other certificates of the Issuer and the Borrower setting forth the facts, estimates, and circumstances in existence on the Closing Date which establish that it is not expected that the proceeds of the Bonds will be used in a manner that could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(14) A certificate of the Bank, dated as of the Closing Date, in form and substance satisfactory to the Underwriter.

(15) Evidence of all UCC filings made with respect to the security interests granted pursuant to the Indenture and the other Bond Documents, and any assignments thereof;

(16) A copy of completed Form 8038 Information Return for Private Activity Bond Issues with respect to the Bonds executed by the Issuer;

(17) Copies of the resolutions of each of the Affordable Borrower and the Market Rate Borrower authorizing and approving the execution, delivery and performance of the Borrower Documents, and approving the Indenture and the issuance of the Bonds;

(18) A copy of the certificate of limited partnership of the Affordable Borrower, certified by the Secretary of State of the State within ten Business Days prior to the Closing Date, and its partnership agreement, as amended to the Closing Date, certified by its general partners; and a copy of the certificate of formation of the Market Rate Borrower, certified by the Secretary of State of the State within ten Business Days prior to the Closing Date, and its operating agreement, as amended to the Closing Date, certified by its members;

(19) A certificate of existence for each of the Affordable Borrower and the Market Rate Borrower issued by the appropriate officer of the State of Delaware as to good standing in the State of Delaware and of the State to the effect that each of the Affordable Borrower and the Market Rate Borrower, respectively, is qualified to do business in the State and dated no more than seven Business Days prior to the Closing Date;

(20) Evidence satisfactory to the Underwriter that the Bonds have been assigned the rating of "A/A-1" by S&P Global Ratings;

(21) Executed copies of the Official Statement;

(22) an ALTA Loan Policy of Mortgage Insurance issued in favor of the Trustee in the amount of the par amount of the Bonds;

(23) Evidence that all public hearing, public approval and volume cap allocation requirements of the Code applicable to the Bonds have been satisfied;

(24) Such additional certificates, instruments or opinions or other evidence as Bond Counsel or the Underwriter may reasonably deem necessary to evidence the due authorization, execution, authentication and delivery of the Bonds, the truth and accuracy as of the Closing Date and each Draw Down Date of the representations and warranties of the Borrower and the Issuer contained herein, the due performance and satisfaction by the Issuer and the Borrower prior to the Closing Date and each Draw Down Date of all agreements then to be performed and all of the conditions to be satisfied by them, and the conformity of the Bond Documents with the terms thereof, as summarized or set forth in the Preliminary Official Statement or the Official Statement, and to cover such other matters as they reasonably request;

(25) The Borrower shall have delivered to the Trustee sufficient money to pay the cost of issuance of the Bonds, or made other arrangements satisfactory to the Issuer and the Underwriter for such payment; and

(26) The Borrower shall have closed, or made arrangements satisfactory to the Underwriter to close, all relating financing with respect to the Project.

If any of the conditions set forth in this Section 8 have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Bond Purchase Agreement or proceed to Closing upon waiving any rights under this Bond Purchase Agreement with respect to any such condition. If this Bond Purchase Agreement is terminated pursuant to this Section, no party will have any rights or obligations to any other, expect as provided in Sections 12 and 13.

(c) The obligations of the Underwriter are also subject, in the discretion of the Underwriter, to receipt by the Underwriter on each Draw Down Date of the following:

(1) A certificate of the Borrower, dated each Draw Down Date, to the effect that: (i) the Borrower has duly performed all of its obligations under this Bond Purchase Agreement to be performed at or prior to the Draw Down Date; (ii) each of the representations and warranties of the Borrower contained in the Borrower Documents are true and correct as of the Draw Down Date with the same effect as if made on the Draw Down Date; (iii) there has not been any material adverse change in the financial position or results of operation of the Borrower since the date of the Official Statement that would impair the ability of the Borrower to carry out the Project as contemplated by the Official Statement; (iv) except as disclosed in the Official Statement, as the Official Statement may have been supplemented or amended, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower, nor, to the best knowledge of the Borrower, is there any basis therefor, wherein an unfavorable decision, ruling or finding would, in any way, adversely affect the transactions contemplated by, or the validity or enforceability of, any Borrower Document or which, in any way, would adversely affect the undertaking and accomplishment of the Project or which might result in any material adverse change in the business, operations, properties, assets, liabilities or condition (financial or other) of the Borrower; (v) the Official Statement, as the Official Statement may have been supplemented or amended, is deemed final within the meaning of the Rule; (vi) the information

in the Official Statement, as the Official Statement may have been supplemented or amended, relating to the Borrower, the Project and the private participants or provided by or on behalf of the Borrower does not contain an untrue statement of a material fact or fail to state a material fact necessary in order to make the statements made therein, in the light of the circumstances in which they were made, not misleading as of the date thereof; and (vii) the Borrower is in compliance with the Continuing Disclosure Agreement and has cured any prior non-compliance to the satisfaction of the Remarketing Agent, and the Borrower, its partners and its members, as the case may be, and all entities affiliated with the Borrower and its partners and members have complied with all of their previous continuing disclosure obligations under the Rule, if any (except to the extent described in the Official Statement, as the Official Statement may have been supplemented or amended);

(2) A certificate of the Bank, dated each Draw Down date, to the effect that: (i) the provisions of the Letter of Credit and the Reimbursement Agreement described in the Official Statement have not been amended since the date of the Official Statement and remain in full force and effect as of the date thereof; (ii) to the best of the undersigned's knowledge, the information set forth in the Official Statement, as the Official Statement may have been supplemented or amended, under the heading "THE INITIAL LETTER OF CREDIT BANK" is true and correct in all material respects as of the date of such Official Statement and the date thereof; and (iii) the Bank consents to the use of such information in the Official Statement, as the Official Statement may have been supplemented or amended;

(3) If and as applicable, a Supplement to the Official Statement in accordance with Section 1(a) and Section 6(a) hereof;

(4) Evidence satisfactory to the Underwriter that the rating assigned to the Bonds on the Closing Date remains in effect, and has not been downgraded or suspended;

(5) At the Borrower's expense, a certificate, dated the Closing Date and signed by the Executive Director or other authorized officer of the Issuer, to the effect that the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the Draw Down Date, and to cover such other matters as the Underwriter may reasonably request; and

(6) At the Borrower's expense, such additional certificates, instruments or opinions or other evidence as the Underwriter may reasonably deem necessary to evidence the due authorization, execution, authentication and delivery of the Bonds, the truth and accuracy as of each Draw Down Date of the representations and warranties of the Borrower contained herein, the due performance and satisfaction by the Borrower prior to each Draw Down Date of all agreements then to be performed and all of the conditions to be satisfied by it, and to cover such other matters as the Underwriter may reasonably request.

**Section 9. Conditions to the Issuer's Obligations.**

The obligations of the Issuer hereunder shall be subject to the performance by the Borrower of its covenants and obligations to be performed hereunder at and prior to the Closing Date, to the accuracy in all material respects of the representations and warranties of the Borrower as of the date hereof and as of the Closing Date, and shall also be subject, in the discretion of the Issuer, to the following:

(a) Satisfaction of the conditions precedent described in Section 8(a) by parties other than the Issuer.

(b) Receipt by the Issuer on the Closing Date of duplicate original copies of the documents described in Section 8(b) (regardless of whether the Underwriter has waived such receipt), other than the documents to be executed solely by the Issuer, in form and substance satisfactory to the Issuer.

(c) Receipt by the Issuer of such additional legal opinions, certificates, proceedings, instruments and other documents or evidence as Bond Counsel and general counsel to the Issuer may reasonably request to enable them to deliver the respective opinions referred to herein, and as they may reasonably deem necessary or desirable to evidence compliance by the Borrower and the Underwriter with all requisite legal requirements, to evidence the truth and accuracy as of the Closing Date of the representations and warranties of the Borrower contained herein, the due performance and satisfaction of all covenants to be performed and the satisfaction of all conditions to be satisfied by any of them.

**Section 10. Termination.**

The Underwriter shall have the right to terminate this Bond Purchase Agreement by notification to the Issuer and the Borrower if, after the execution hereof and prior to the Closing Date and each Draw Down Date any of the following events shall occur in the sole and reasonable judgment of the Underwriter, and to the extent such events, if not related specifically to the Bonds, in the sole and reasonable judgment of the Underwriter, also adversely affect the marketing of other tax-exempt multifamily housing obligations of the general character of the Bonds:

(a) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein in the light of the circumstances under which they were made not misleading and, in either such event, (1) the Issuer or the Borrower refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Underwriter or (2) the effect of the Official Statement as so supplemented is, in the judgment of the Underwriter, to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(b) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States or a member of the President's Cabinet, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President (or a member of the President's Cabinet), the Department of the Treasury or the Internal Revenue Service of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or proposed by any federal or state authority, in any such case with respect to or affecting (directly or indirectly) the federal or state taxation of interest received on obligations of the general character of the Bonds which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of

the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(c) a stop order, ruling, release, regulation, proposed regulation, no-action letter or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds (including any related underlying obligations) is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(d) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(e) there shall have occurred (1) any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war; or (2) any other calamity or crisis, or escalation thereof, in the financial markets of the United States or elsewhere; or (3) a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations; or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against any state of the United States or any city, county or other political subdivision located in the United States having a population of over 1,000,000, which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(f) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (1) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (2) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(g) a general banking moratorium shall have been declared by federal or New York or State authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred which, in the judgment of the Underwriter, materially adversely affects the market price or the marketability for the Bonds or the ability of the

Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(h) (1) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody's Investors Service, Inc. ("Moody's"), S&P Global Ratings ("S&P"), or Fitch Ratings ("Fitch") of any debt securities issued by the Issuer or the Bank, or (2) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's, S&P or Fitch of any debt securities issued by the Issuer or the Bank, including the Bonds.

If either the Issuer or the Borrower shall be unable to satisfy the conditions to the obligations of the Underwriter contained in Section 8, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason described in this Section 10, or if the Underwriter or the Borrower shall be unable to satisfy the conditions to the obligations of the Issuer contained in Section 9, then, unless the party receiving the benefit of such condition or obligation has waived such satisfaction, this Bond Purchase Agreement shall terminate and none of the parties hereto shall be under further obligation or liability hereunder (except as set forth in Section 15 and for payment of their respective expenses as set forth in Section 12 hereof).

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions of this Bond Purchase Agreement if, but only if, they are in form and substance reasonably satisfactory to the Underwriter, the Borrower and the Issuer.

**Section 11. Limitation of State and Issuer Liability.**

No provision, representation, warranty, covenant or agreement contained in the Issuer Documents binding upon the Issuer, or the breach thereof, shall constitute an obligation, either general, special or moral, of the State, or a general obligation of the Issuer, or a personal obligation of any member, officer, employee or agent of the Issuer or the State, except for a misrepresentation made with actual knowledge of its falsity by any such person.

Neither the State, the Issuer, nor any of its commissioners, officers, employees or agents shall be responsible or liable in any manner or under any circumstances, directly or indirectly, for any breach by the Borrower of its covenants, representations or warranties contained in the Borrower Documents, or for any claims, damages, demands, attorneys' fees and other expenses, liabilities and taxes of any character or nature whatsoever, including but not limited to claims for loss or damage to any property or injury to or death of any person, asserted by or on behalf of any person, firm, corporation or governmental authority arising out of, resulting from, or in any way connected with (a) the Project or the conditions, occupancy, use, possession, conduct or management of, or any work done in or about, the Project, or (b) any untrue statement or alleged untrue statement of any material fact or the omission or alleged omission to state a material fact necessary to make the statements relating to the Borrower, the Project or the private participants in the Preliminary Official Statement or the Official Statement or any statement, information or material furnished by the Borrower to the Issuer or the Underwriter, in the light of the circumstances under which they were made, not misleading.

**Section 12. Fees and Expenses.**

(a) The fees of the Underwriter in connection with the initial offer and sale of the Bonds shall be in the amount set forth in Section 1 and shall be payable as a component of the Underwriting Fee

as set forth in Section 1. The Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the Issuer or the Borrower hereunder.

(b) Whether or not the Underwriter accepts delivery of and pays for the Bonds as set forth herein, the Underwriter shall be under no obligation to pay, and the Borrower hereby agrees to pay, any expenses incurred on behalf of the Issuer's employees which are directly related to the offering of the Bonds, including, but not limited to, (i) the costs of printing and preparation for printing or other reproduction for distribution and use in connection with the public offering of the Bonds such number of copies as may be requested by the Underwriter of the Preliminary Official Statement, the Official Statement, the Indenture, the Resolution and the blue sky survey, as well as any delivery costs incurred in connection with the distribution of the foregoing documents; (ii) the cost of preparing the definitive Bonds; (iii) the fees and disbursements of Bond Counsel in connection with the authorization and issuance of the Bonds; the fees and expenses of Issuer's counsel; the fees and expenses of the Trustee and its counsel; any application or administrative fee of the Issuer; and the fees and disbursements of the Issuer's financial advisor and any other experts or consultants retained by the Issuer; (iv) the fees of the rating agency in connection with the rating of the Bonds; (v) the Underwriting Fee and the fees and expenses of counsel to the Underwriter; (vi) if applicable, the expenses relating to the meals, transportation and lodging of the Issuer's employees; and (vii) all other expenses in connection with the public offer and sale of the Bonds. The Issuer shall have no obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds. The Borrower shall pay or reimburse the Underwriter for any fees, expenses or costs incurred in connection with the breaking or extending of trades with purchasers of the Bonds or of trades for the purchase of securities for the investment of Bond proceeds as a result of a delay in the Closing Date or a failure to deliver the Bonds, other than a failure caused by the Underwriter's refusal to accept and pay for the Bonds for a reason that is not permitted pursuant to this Bond Purchase Agreement.

(c) The Underwriter is required to pay fees to the California Debt and Investment Advisory Commission in connection with the Bond offering. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the Borrower agrees to reimburse the Underwriter for such fees.

(d) In the event that the Issuer, the Borrower or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

(e) The Borrower shall indemnify the Issuer and the Underwriter with respect to the foregoing costs and expenses set forth in subsection (b) above in the event that the purchase provided for herein is not consummated unless, insofar as indemnification of the Underwriter is concerned, such purchase is prevented at the Closing Date by the Underwriter's default, negligence or willful misconduct.

**Section 13. Indemnification.**

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer, the Underwriter and each affiliate, member, officer, director, official, supervisor, counsel, employee, attorney and agent past, present, and future of the Issuer and the Underwriter and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively referred to herein as the "Indemnified Parties"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities"), joint or several, except any Liability arising from the gross negligence of the Indemnified Party (other than the Issuer) or willful misconduct of the Indemnified Party to which an Indemnified Party may be threatened or subject, caused by or directly or indirectly arising from or in any way relating to (i)

the Bonds, the Project, the Mortgage Loan, the Loan Agreement, the Indenture, this Bond Purchase Agreement or any document related to the Bonds, the Project, the Mortgage Loan (the "Transaction Documents") or any transaction or agreement, written or oral, pertaining to the foregoing or (ii) any untrue or misleading statement or alleged untrue or alleged misleading statement of a material fact contained in the Preliminary Official Statement or the Official Statement except under the headings "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT," "THE BANK," "THE ISSUER," and "ABSENCE OF MATERIAL LITIGATION—The Issuer," or caused by any omission or alleged omission from the Preliminary Official Statement or the Official Statement, except for the above-referenced sections, of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Underwriter and each affiliate, member, officer, director, official, employee and agent of the Underwriter from and against the Liabilities directly or indirectly arising from or relating to any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds.

(c) Any Indemnified Party shall notify the Borrower of the existence of any Liability to which this indemnification obligation would apply and shall give to the Borrower an opportunity to defend the same at the Borrower's expense and with counsel satisfactory to the Indemnified Party; provided that any delay or failure to give such notification shall be of no effect except to the extent that the Borrower is prejudiced thereby, and provided further that the Indemnified Party shall at all times also have the right to fully participate in the defense and shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld. If there may be legal defenses available to the Indemnified Party that are different from or in addition to those available to the Borrower, if conflicts of interest exist or arise between the Borrower and the Indemnified Party or if the Borrower shall, after this notice and within a period of time necessary to preserve any and all defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk and expense of, the Borrower. For the purpose of this paragraph, an Indemnified Party shall be deemed to have concluded reasonably that a separate defense is available to it or any other Indemnified Party if (i) such Indemnified Party shall have requested an unqualified written opinion from Independent Counsel to the effect that a separate defense exists, and such Independent Counsel shall have delivered such opinion to the Indemnified Party and the Borrower within ten (10) days after such request or (ii) the Borrower agrees that a separate defense is so available. For purposes of this paragraph, Independent Counsel shall mean any attorney, or firm or association of attorneys, duly admitted to practice law before the supreme court of any state and not an employee of any Indemnified Party. Nothing contained in this subsection (c) will preclude any Indemnified Party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Borrower hereunder. Notwithstanding anything to the contrary, the Issuer may employ its own counsel (whether one or more separate counsel) in any manner it deems appropriate and the Borrower shall indemnify the Issuer for all fees and costs of such counsel.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section is for any reason held to be unavailable, the Borrower and the Underwriter shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Parties may be subject, so that the Underwriter is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Underwriter be

responsible for any amount in excess of the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds, and provided further that the Borrower shall not be required to contribute for Liabilities arising from the gross negligence or willful misconduct of the Underwriter. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

(e) The Indemnified Parties, other than the Issuer and the Underwriter, shall be considered to be third-party beneficiaries of this Bond Purchase Agreement for purposes of this Section 13 only. The provisions of this Section will be in addition to all liability that the Borrower may otherwise have and shall survive any termination of this Bond Purchase Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

(f) The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Loan Agreement, the Regulatory Agreement or any other document.

**Section 14. Parties in Interest.**

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Borrower and the Underwriter (including any successors or assignees of the Underwriter), and, except as provided in Section 13 hereof, no other party or person shall acquire or have any right hereunder or by virtue hereof. The terms "successor" and "assigns" will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase. This Bond Purchase Agreement may not be assigned by any of the parties hereto prior to the Closing.

**Section 15. Survival of Provisions.**

The provisions of Sections 12, 13 and 16 and all the representations, warranties and agreements of the Issuer and the Borrower made pursuant to this Bond Purchase Agreement shall remain operative and in full force and effect and shall survive the Closing Date, each Draw Down Date, and the delivery of and payment for the Bonds hereunder or the termination of this Bond Purchase Agreement, regardless of how caused.

**Section 16. Requirement of Reasonableness.**

Agreement or approval required by the parties hereto or their counsel hereunder shall not be unreasonably withheld, and requests, judgments, opinions and exercises of discretion required by the parties hereto or their counsel or permitted hereunder shall be reasonable and shall be made or exercised or arrived at in a reasonable manner.

**Section 17. No Prior Agreements.**

This Bond Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the Issuer.

**Section 18. Effective Date.**

This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Issuer and the Borrower and shall be valid and enforceable as of the time of such acceptance.

**Section 19. Amendments.**

This Bond Purchase Agreement may not be amended without the written consent of the Issuer, the Borrower and the Underwriter.

**Section 20. Governing Law.**

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State, including but not limited to those laws applicable to contracts made and to be performed in the State.

**Section 21. Severability.**

If any one or more of the provisions of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction after final appeal (if any appeal be taken), such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 22. No Fiduciary Relationship.**

(a) The Issuer and the Borrower acknowledge and agree that: (i) the primary role of the Underwriter, as underwriter, is to purchase securities, for resale to investors, in an arm's length commercial transaction among the Issuer, the Borrower and the Underwriter and the Underwriter has financial and other interests that differ from those of the Issuer and the Borrower; (ii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or the Borrower and has not assumed any advisory or fiduciary responsibility to the Issuer or the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer or the Borrower on other matters); (iii) the only obligations the Underwriter has to the Issuer and the Borrower with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement; and (iv) the Issuer and the Borrower have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent each has deemed appropriate.

(b) The Issuer and the Borrower further acknowledge and agree that each is responsible for making its respective judgment with respect to the offering and sale of the Bonds and the process leading thereto. In particular, the Issuer and the Borrower acknowledge and agree that the Underwriter is not acting as a "municipal advisor" (as defined in Section 15B of the Securities Exchange Act of 1934, as amended).

**Section 23. Notices.**

Any notice or other communication to be given to the Issuer or the Borrower under this Bond Purchase Agreement may be given by delivering the same in writing to the Issuer or the Borrower at their respective addresses set forth on the first page hereof. Any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 1401 Lawrence Street, Suite 900, Denver, Colorado 80202, Attention: Brad Edgar, with a copy to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, Suite 3700, San Francisco, California 94104, Attention: General Counsel.

**Section 24. Counterparts.**

This Bond Purchase Agreement may be executed by the parties hereto in separate counterparts (including counterparts exchanged by email in PDF format), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(Remainder of Page Left Blank Intentionally)

(Underwriter's Signature Page to Bond Purchase Agreement - Variable Rate Demand Multifamily Revenue Bonds (Courthouse Commons) Series 2020 F)

If the foregoing is in accordance with your understanding of the Bond Purchase Agreement, please sign and return to us the enclosed duplicate copies hereof, whereupon it will become a binding agreement among the Issuer, the Borrower and the Underwriter in accordance with its terms.

**STIFEL, NICOLAUS & COMPANY, INCORPORATED**,
as Underwriter

By: _____
Brad Edgar, Managing Director

(Issuer's Signature Page to Bond Purchase Agreement - Variable Rate Demand Multifamily Revenue Bonds (Courthouse Commons) Series 2020 F)

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO**

By: _____

Richard C. Gentry, Executive Director

(Borrower's Signature Page to Bond Purchase Agreement - Variable Rate Demand Multifamily Revenue Bonds (Courthouse Commons) Series 2020 F)

**220 W BROADWAY DEVELOPMENT PARTNERS, L.P.,**
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Affordable Housing Access, Inc.,
a California nonprofit public benefit corporation,
its Manager

By: _____
[_____]

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its Sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its Sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
[_____]

(Borrower's Signature Continues on Next Page)

(Borrower's Signature Page to Bond Purchase Agreement - Variable Rate Demand Multifamily Revenue Bonds (Courthouse Commons) Series 2020 F)

**220 W BROADWAY MARKET RATE 2, LLC**,
a Delaware limited liability company

By: SDCC South Block, LLC,
a Delaware limited liability company,
its Sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its Sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
[_____]

**EXHIBIT A**

## TERMS OF BONDS

| | | | **Item** | |
|---|---|---|---|---|
| 1. | | | Title of Bonds: | Housing Authority of the City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons), Series 2020 F |
| 2. | | | Purchase Price: | A maximum principal amount of $24,000,000 (100% of the principal amount of the Bonds) to be purchased on a draw down basis as provided in the Bond Purchase Agreement and the Indenture |
| 3. | | | Offering Price: | 100% |
| 4. | (a) | | Date of the Bonds: | Closing Date |
| | (b) | | Interest Payment Dates: | As described in the Official Statement |
| | (c) | | Aggregate Principal Amount: | A maximum of $24,000,000 |
| | (d) | | Maturity Date: | [_____ 1, 20__] |
| | (e) | | Initial Interest Rate: | The Weekly Rate as described in the Official Statement; thereafter as provided in the Indenture |
| | (f) | | Redemption Provisions: | As described in the Official Statement |
| | (g) | | Tender Provisions: | As described in the Official Statement |
| 5. | (a) | | Time of Closing: | 9:30 a.m., Pacific Time |
| | (b) | | Date of Closing: | _____ __, 2020, or such other date as may be approved by the Underwriter |
| | (c) | | Place of Closing: | Offices of Jones Hall, A Professional Law Corporation, San Francisco, California |
| | (d) | | Delivery of Bonds: | The Trustee, as agent for DTC under DTC's FAST delivery system |

**EXHIBIT B**

**BORROWER'S RULE 15c2-12 CERTIFICATE**

Housing Authority of the City of San Diego
Variable Rate Demand Multifamily Housing Revenue Bonds
(Courthouse Commons), Series 2020 F – $24,000,000

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") that he is authorized to execute and deliver this certificate on behalf of 220 W Broadway Development Partners, L.P., a Delaware limited partnership (the "Affordable Borrower"), and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company (the "Market Rate Borrower," and jointly and severally with the Affordable Borrower, the "Borrower"), and hereby further certifies to the Underwriter as follows:

(a) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the issuance and sale of the above-captioned bonds (the "Bonds").

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated the date of this certificate, setting forth information concerning the Bonds and the Borrower (the "Preliminary Official Statement").

(c) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions.

(e) The sections of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE" and "APPENDIX F—FORM OF CONTINUING DISCLOSURE AGREEMENT" accurately describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement, dated as of [_____] 1, 2020, by and between the Borrower and [_____], a [_____], in its capacity as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

(f) The Borrower, its partners and its members, as the case may be, and all entities affiliated with the Borrower, its partners and its members have complied with all of their previous continuing disclosure obligations under the Rule, if any (except to the extent described in the Preliminary Official Statement).

Dated: _____ __, 2020

(Remainder of Page Intentionally Left Blank)

(Signature Page to Borrower's Rule 15c2-12 Certificate)

IN WITNESS WHEREOF, I have hereunto set my hand this as of the date set forth above.

**220 W BROADWAY DEVELOPMENT PARTNERS, L.P.,**
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Affordable Housing Access, Inc.,
a California nonprofit public benefit corporation,
its Manager

By: _____
[_____]

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its Sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its Sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
[_____]

(Borrower's Signature Continues on Next Page)

(Signature Page to Borrower's Rule 15c2-12 Certificate)

**220 W BROADWAY MARKET RATE 2, LLC**,
a Delaware limited liability company

By: SDCC South Block, LLC,
a Delaware limited liability company,
its Sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its Sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
[_____]

**EXHIBIT C**

**UNDERWRITER'S CERTIFICATE**

**Housing Authority of the City of San Diego**
**Variable Rate Demand Multifamily Housing Revenue Bonds**
**(Courthouse Commons), Series 2020 F – $24,000,000**

Dated as of _____ __, 2020

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), as Underwriter for the bonds identified above (the "Issue"), issued by the Housing Authority of the City of San Diego (the "Issuer") for the benefit of 220 W Broadway Development Partners, L.P., a Delaware limited partnership, and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company (collectively, the "Borrowers"), based on its knowledge regarding the sale of the Issue, certifies as of this date as follows:

(1) **Issue Price**.

(A) The Issue consists of draw down bonds of a single Maturity as set forth in the Tax Certificate and Agreement among the Issuer, the Borrowers, and the Trustee (as defined therein) of even date herewith and other documents relating to the issuance of the Issue. The Underwriter has agreed, subject to the terms of the Bond Purchase Agreement, dated _____ __, 2020, among the Issuer, the Borrowers and the Underwriter, to purchase all draws permitted under the Issue at a price of par up to a maximum aggregate price of $24,000,000.00.

(B) As of the date of this certificate, $_____ in principal amount of the Issue (the "Initial Draw") was sold to the Public at the price of 100% of the principal amount thereof (the "Sale Price"). The Underwriter expects to sell the remainder of the Issue to the Public on the several Draw Down Dates at the price of 100% of the principal amount sold. The Underwriter will not offer or sell bonds of the Issue to the Public at a price other than 100% of the principal amount thereof except upon receipt of an opinion of Bond Counsel to the effect that the offer and sale of the bonds of the Issue at the proposed price will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue. Accordingly, the aggregate of the Sale Price of the Issue is expected to be $24,000,000.00 (the "Issue Price").

(C) Except for an underwriting fee in the amount shown in (3) below and miscellaneous fees of unrelated third parties for expenses incurred by and services provided to the Underwriter in connection with the Bonds, no fees are being paid to the Underwriter by or on behalf of the Issuer or the Borrowers in connection with the issuance of the Issue.

"Issuer" means the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State of California.

"Maturity" means bonds of the Issue with the same credit and payment terms. Bonds of the Issue with different maturity dates, or bonds of the Issue with the same maturity date but different stated interest rates, are treated as separate Maturities.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. A purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of

their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

"Underwriter" means Stifel, Nicolaus & Company, Incorporated, (ii) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Issue to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this paragraph to participate in the initial sale of the Issue to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Issue to the Public).

All capitalized terms not defined in this Certificate have the meaning set forth in the Certificate as to Arbitrage and Borrower's Certificate Regarding Use of Proceeds relating to the Bonds (collectively, the "Tax Certificate").

(2) **Weighted Average Maturity**. Computed in accordance with instructions provided by Bond Counsel, the weighted average maturity (defined below) of the Issue is _____ years, as shown on Schedule I attached hereto. According to Bond Counsel, the weighted average maturity of an issue is equal to the sum of the products of the initial offering price of each maturity of the issue and the number of years to the maturity date of the respective maturity (taking into account mandatory but not optional redemptions), divided by the initial offering price of the entire Issue.

(3) **Underwriter's Compensation**. The Underwriter's compensation is $_____, no portion of which is being financed with Proceeds.

(4) **Letter of Credit**. The amount and time of payment of the costs for the Letter of Credit securing the Bonds (the "Letter of Credit") are stated in the Reimbursement Agreement relating thereto. Based on that information and the Underwriter's knowledge and experience and, as to (B) below, based on an estimate by the Underwriter of the Yields at which the Bonds of the Issue would have sold in the absence of the Letter of Credit:

(A) The aggregate cost for the Letter of Credit does not exceed a reasonable charge for the transfer of credit risk, taking into account charges by letter of credit providers in similar transactions with which the Underwriter is familiar.

(B) The present value of the aggregate cost for the Letter of Credit is less than the present value of the interest reasonably expected to be saved on the Issue as a result of the Letter of Credit, for which purpose present value is computed by using the yield-to-maturity of the Issue (taking into account the aggregate cost paid for the Letter of Credit) as the discount rate.

(Remainder of Page Intentionally Left Blank)

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

*Signature Page Follows*

(Underwriter's Signature Page to Issue Price Certificate – Courthouse Commons)

UNDERWRITER:

**STIFEL, NICOLAUS & COMPANY, INCORPORATED**,
as Underwriter

By: _____
Brad Edgar, Managing Director

- The Bonds will bear interest at a variable interest rate that is reset weekly by Stifel as remarketing agent. The current weekly interest rate is approximately 0.15%.
- The Bonds are anticipated to remain in variable rate mode through the final maturity of 40 years;
- The Bonds do not have any scheduled principal amortization although it is expected that $3.0 million in Bonds will be repaid following the completion of construction;
- The Bank LOC will have an initial term of 5 years, subject to renewal
- The Bonds are expected to close on or about September 10, 2020.

***Housing Commission Financial Involvement***. The Housing Commission is not providing subordinate financing for the Development.

***Affordability Restrictions***. The Development will be subject to the following regulatory restrictions and terms:

- Tax-Exempt Bond Regulatory Agreement requirements (including voluntary elections made to CDLAC) for a 55-year term; and

- Tax Credit Regulatory Agreement requirements under which 41 units must be affordable at 50% AMI for a 55-year term to remain eligible for tax credits.

- City of San Diego affordability requirements per the Centre City Development Permit No. 2019-01 which dictate a minimum of 41 units at 50% AMI for a 55-year term, as documented in an agreement with the San Diego Housing Commission.

***Development Cash Flow***. The Borrower provided pro forma cash flows for the Development. The following table summarizes key elements:

| | |
|---|---|
| **Assumptions** | |
| Vacancy | 5% |
| Revenue Escalation | 2.5% |
| Expense Escalation | 3.5% |
| | |
| **Cash Flow and Coverage** | |
| Stabilized Net Income – First Full Year[1] | $1,907,746 |
| Expenses[2] | (745,614) |
| Estimated Net Operating Income | $1,162,132 |
| Bond Debt Service[3] | (1,103,922) |
| Debt Service Coverage | 1.12x |
| | |
| Available Cash Flow | $122,210 |
| | |

[1] Net income consists of gross rent + miscellaneous income (less 5% vacancy factor)
[2] Expenses include operating expenses, reserves and real estate taxes
[3] Assumes an initial permanent loan par of $21,000,000 and all-in interest rate stack of 3.913%; the Commission's Bond monitoring fee is embedded in the interest rate assumption

I note the following about the projected cash flows:

- Revenues are projected to increase at 2.5% per year – most projects approved by the Commission assume 2.0% annual increases
- Expenses are projected to increase at 3.5% per year – most projects approved by the Commission assume 3.0% annual increases
- Debt service coverage is projected to reach 1.15x in the third year of stabilized occupancy rather than the first year of stabilized occupancy.

Both CDLAC and the California Tax Credit Allocation Committee approved these assumptions.

The following table shows the Borrower's projected cash flow for the Development during first full five years following stabilized occupancy:

| | | Year | | | | |
|---|---|---|---|---|---|---|
| *Escalation* | **Revenues** | 1 | 2 | 3 | 4 | 5 |
| 2.50% | Gross Scheduled Rent | 1,923,672 | 1,971,764 | 2,021,058 | 2,071,584 | 2,123,374 |
| 2.50% | Miscellaneous Income | 84,482 | 86,594 | 88,759 | 90,978 | 93,252 |
| | **less 5% vacancy** | (100,408) | (102,918) | (105,491) | (108,128) | (110,831) |
| | **Total Net Income** | 1,907,746 | 1,955,440 | 2,004,326 | 2,054,434 | 2,105,795 |
| | | | | | | |
| | **Expenses** | | | | | |
| 3.50% | Operating Expenses | (451,099) | (466,887) | (483,229) | (500,142) | (517,646) |
| | Service Amenities | (64,997) | (67,272) | (69,626) | (72,063) | (74,586) |
| | Replacement Reserve | (20,500) | (20,500) | (20,500) | (20,500) | (20,500) |
| 0.20% | Real Estate Taxes | (209,018) | (213,198) | (217,462) | (221,812) | (226,248) |
| | **Total Expenses + Reserves** | (745,614) | (767,858) | (790,817) | (814,516) | (838,980) |
| | | | | | | |
| | **Net Operating Income** | 1,162,132 | 1,187,582 | 1,213,509 | 1,239,918 | 1,266,815 |
| | | | | | | |
| | **Bond Debt Service*** | (1,039,922) | (1,039,922) | (1,039,922) | (1,039,922) | (1,039,922) |
| | | | | | | |
| | **Debt Service Coverage** | 1.12x | 1.14x | 1.17x | 1.19x | 1.22x |
| | | | | | | |
| | **Cash Flow after Debt Service** | 122,210 | 147,660 | 173,587 | 199,996 | 226,893 |

*Bond debt service includes Commission's annual Bond monitoring fee

## PUBLIC PURPOSE

The Bonds will result in the long-term affordability of 41 studio, one, two and three-bedroom units in the City – all of which will be restricted and affordable to households earning 50% AMI.

The Bond and Tax Credit Regulatory Agreements and the City of San Diego's affordability restrictions will require that these affordability levels be maintained for a period of 55 years.

## BENEFITS AND RISKS TO THE COMMISSION

The Bonds provide a vehicle for financing a significant portion of the construction costs of the Development. As proposed, the Bonds will result in the long-term affordability of 41 studio, one, two and three-bedroom units in the City with units restricted to income levels described in "Public Purpose" above.

The Bonds do not pose undue financial risk to the Housing Authority. The Bonds are not direct obligations of the Housing Authority or the City of San Diego. The Bonds will be secured by a direct pay letter of credit provided by a well-rated and highly capitalized global financial institution. The Bonds are expected to be rated A/A-1 by S&P on the basis of the Bank's current rating. The Bondholders will look only to the Bank for repayment and not to Development revenues or the Housing Authority.

I note that the Bonds contain certain features that are not typically seen in most direct purchase tax-exempt multifamily housing revenue bonds. These include:

- Variable interest rate through maturity (not just during construction)
- No scheduled principal amortization
- Structured draw down schedule
- Bank does not have any security interest in the Development
- The term of the LOC is shorter than the term of the Bonds – failure to renew or replace the LOC will result in an early redemption of the Bonds

These Bond terms reflect the reputation and capital strength the Borrower and its affiliated entities. **None of these features pose risks to the repayment of the Bonds, which will be secured at all times by the LOC.**

If the Housing Authority issues the Bonds, the Commission would receive an issuer fee at Bond closing of $60,000, equal to 0. 25% times the initial aggregate par amount of the Bonds ($24,000,000 based on current projections). The Commission also would receive an annual Bond monitoring fee of $30,000, equal to 0.125% times the aggregate par of the Bonds.

The Borrower will fund costs of issuance from its own equity. The Borrower has agreed to indemnify the Housing Authority and Commission as to matters relating to the Bonds. However, the Borrower is a single purpose entity with no significant assets or sources of income other than the Development and is generally not required to make up any cash flow shortfalls.

## RECOMMENDATIONS

Ross Financial recommends that the Housing Authority proceed with the issuance of the Note based on the following findings:

- The Bonds will achieve a public purpose by providing 41 affordable units, with all units restricted to income levels at 50% of AMI.

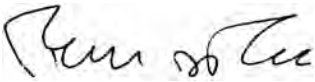
- The Bonds will be secured by a LOC from a well-rated, highly capitalized bank.

- The Borrower has agreed to indemnify the Housing Authority and the Commission regarding matters relating to the financing. The Borrower will pay issuance costs from sources other than Bond proceeds.

- Based on estimates provided by the Borrower, there should be sufficient funds to complete the Development and the Development provides adequate cash flow to cover permanent Note debt service.

If there is any additional information you require concerning the Development, Ross Financial will be pleased to provide a supplemental analysis.

Very truly yours,



Peter J. Ross
Principal

# LOAN AGREEMENT

By and Among

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

220 W BROADWAY MARKET RATE 2, LLC

and

220 W BROADWAY DEVELOPMENT PARTNERS, L.P.

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of _____ 1, 2020

The interest of the Housing Authority of the City of San Diego (the "Issuer") in this Loan Agreement is, with certain exceptions relating to the right to reports, fees, indemnification and enforcement, being assigned to U.S. Bank National Association, as trustee (the "Trustee"), under an Indenture of Trust, dated as of _____ 1, 2020 (the "Indenture"), between the Issuer and said Trustee in connection with the issuance of the following bonds:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

Variable Rate Demand Multifamily Housing Revenue Bonds

(Courthouse Commons), Series 2020 F - $24,000,000

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Exhibit C Mortgage Note
Exhibit D Form of Draw Request
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LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended and supplemented from time to time, the "Loan Agreement"), dated as of _____ 1, 2020, is by and among the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company registered in California (the "Market Rate Borrower") and 220 W Broadway Development Partners, L.P., a Delaware limited partnership registered in California (the "Affordable Borrower" and jointly and severally with the Market Rate Borrower, the "Borrowers"), and U.S. Bank National Association, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer is authorized by the Constitution and laws of the State of California, particularly Chapter 1 of part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act"), to assist in the financing of multifamily housing projects in California; and

WHEREAS, the Act authorizes the Issuer: (a) to issue its revenue bonds and to pay all incidental expenses incurred in connection with the issuance of such bonds; (b) to use bond proceeds to make mortgage loans used to finance multifamily housing projects; (c) to enter into agreements for the purpose of providing revenue to pay the bonds authorized to be issued under the Act upon such terms and conditions as the Issuer deems advisable; and (d) to secure the payment of the principal of, premium, if any, and interest on such bonds as provided in the Act; and

WHEREAS, the Issuer wishes to make a mortgage loan (the "Mortgage Loan") to the Borrowers, to finance the acquisition, construction and development of a multifamily housing facility in the City of San Diego (the "Project"), all as more fully described in Exhibit A to this Loan Agreement; and

WHEREAS, to finance the Mortgage Loan, the Issuer has determined to issue, sell and deliver the Housing Authority of the City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons), Series 2020 F, in the principal amount of $24,000,000 (the "Bonds"); and

WHEREAS, the Bonds will be secured and supported by: (a) a promissory note to evidence the principal amount of the Mortgage Loan originated pursuant to this Loan Agreement; (b) a pledge of the Revenues derived by the Issuer pursuant to the Mortgage Loan; (c) the Deed of Trust, as defined in the Indenture; and (d) a letter of credit (the "Initial Letter of Credit") issued by Mizuho Bank, acting through its New York Branch (the "Initial Letter of Credit Bank") and delivered to the Trustee; and

WHEREAS, the Issuer proposes to originate the Mortgage Loan to the Borrowers, and the Borrowers desire to borrow funds to finance the Project and certain incidental costs upon the terms and conditions set forth herein; and

WHEREAS, the Project will include the Market Rate Condominium, which will be owned by the Market Rate Borrower and include 41 residential units that will be rented at market rates,

and the Affordable Rate Condominium, which will be owned by the Affordable Borrower and include 41 residential units to be rented to qualified tenants at affordable rental rates as more specifically set forth in the Regulatory Agreement (as defined below); and

WHEREAS, the Issuer, the Trustee and the Borrowers have executed and delivered a Regulatory Agreement (the "Regulatory Agreement"), pursuant to which the Borrowers have agreed to use and operate the Project in accordance with requirements of the Code and the Act.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and undertakings set forth herein, the parties hereto agree as follows:

## ARTICLE I
## DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. Capitalized terms used herein but not defined have the meanings set forth in Article I of the Indenture. The following words and terms as used in this Loan Agreement have the following meanings unless the context or use otherwise requires:

"Draw Request" means a Draw Request substantially in the form attached hereto as Exhibit D.

"Event of Default" means any of the events described as an event of default in Section 7.1 hereof.

"Funding Requisition" means the requisition form requesting disbursement of moneys from the Mortgage Loan Fund substantially in the form attached hereto as Exhibit B.

"Loan Agreement" has the meaning given to it in the preamble hereof.

"Permitted Encumbrances" means those certain encumbrances described in Exhibit E attached hereto.

"Transfer" means the sale, transfer, lease, encumbrance or other conveyance of title to ownership of or an interest in the Project or any portion thereof, including to a "related person" pursuant to the provisions of Section 267 or 707(b) or under Section 1563(a) of the Code.

"Transferee" means the person to whom the Borrowers Transfer the Project or any portion thereof.

Such capitalized terms as are not defined herein shall have the meanings assigned to them in the Indenture.

Section 1.2 Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Loan Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

Section 1.3 Recitals, Titles and Headings. The terms and phrases used in the recitals of this Loan Agreement have been included for convenience of reference only, and the meaning,

construction and interpretation of all such terms and phrases for purposes of this Loan Agreement shall be determined by references to Section 1.1 hereof. The titles and headings of the articles and sections of this Loan 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 and shall never be considered or given any effect in construing this Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

## ARTICLE II
## REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Issuer. The Issuer represents and warrants as follows:

(a) The Issuer is a public body, corporate and politic, duly organized and existing under the laws of the State of California, duly authorized to issue the Bonds and to perform its obligations under this Loan Agreement.

(b) This Loan Agreement, when duly accepted and executed by the Issuer and the other parties hereto, will constitute the legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws or judicial decisions affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) No litigation is pending or, to the best of the Issuer's knowledge, threatened against the Issuer that would prohibit its entering into this Loan Agreement or consummating the transactions contemplated hereby.

(d) The Issuer shall use its best efforts to issue the Bonds and shall use the proceeds thereof to make the Mortgage Loan subject to the provisions of this Loan Agreement. Nothing in this Loan Agreement shall be construed as requiring the Issuer to provide construction financing or requiring the Issuer to provide sufficient moneys for all the construction and permanent financing needs of the Project.

(e) The Issuer will not take any action that will cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(f) The Trustee, in its name or in the name of the Issuer, may, for and on behalf of the Bondowners, enforce all rights of the Issuer and all obligations of the Borrowers under and pursuant to this Loan Agreement and the other Mortgage Loan Documents, whether or not the Issuer has pursued or attempted to enforce any of such rights and obligations.

(g) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending against the Issuer or, to the best knowledge of the Issuer, threatened against the Issuer that (i) affects or seeks to prohibit, restrain or enjoin the issuance of the Bonds, or the execution and delivery of the Bonds or the loaning of the proceeds of the Bonds to the Borrower, or the execution and delivery of the Indenture, the Letter of Credit or the Mortgage Loan Documents, (ii) affects or questions the validity or enforceability of the Bonds, the Indenture, the Letter of Credit or the Mortgage Loan Documents, or (iii) questions the tax-exempt status of the Bonds.

(h) The Issuer, by resolution duly adopted, has duly authorized the sale, issuance, execution and delivery of the Bonds, the execution and delivery of this Loan Agreement, the Indenture, the Bond Purchase Agreement, the Regulatory Agreement, the Remarketing Agreement and the Tax Certificate and the performance of its obligations hereunder and thereunder.

(i) To the best knowledge of the Issuer, the execution and delivery of this Loan Agreement, the Indenture, the Bond Purchase Agreement, the Regulatory Agreement, the Remarketing Agreement and the Tax Certificate, the performance by the Issuer of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby do not and will not violate any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court, and do not and will not conflict with or constitute a material breach of, or a material default under any constitutional provision or statute of the state or of any document, instrument or commitment to which the Issuer is a party or by which the Issuer or any of its property is bound.

Section 2.2 General Representations, Warranties and Covenants of the Borrower. Each of the Affordable Borrower and the Market Rate Borrower with respect to itself, and not with respect to the other Borrower, as of the date hereof, and warrants and covenants that:

(a) Such Borrower has full legal right, power and authority under its organizational documents and the laws of the States of Delaware and California, and has due authorization (A) to enter into the Mortgage Loan Documents, (B) to be bound by the terms of the Indenture to the extent that they apply to the Mortgage Loan, (C) to perform its obligations under the Mortgage Loan Documents, and (D) to consummate the transactions contemplated by the Mortgage Loan Documents.

(b) Such Borrower has duly authorized (A) the execution and delivery of the Mortgage Loan Documents to be executed by such Borrower, (B) the performance by such Borrower of its obligations hereunder and thereunder, and (C) the consummation of the transactions contemplated by the Mortgage Loan Documents.

(c) The Mortgage Loan Documents have been duly executed and delivered by such Borrower and each constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Upon the execution and delivery thereof, the Mortgage Loan Documents will constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) To the best knowledge of such Borrower, the execution and delivery of the Mortgage Loan Documents, the performance by such Borrower of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby to be performed by such Borrower do not and will not violate any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court, and do not and will not conflict with or constitute a material breach of, or a material default under, such Borrower's organizational

documents or any document, instrument or commitment to which such Borrower is a party or by which such Borrower or any of its property is bound.

(e) No action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body has been served on or is pending against such Borrower or, to the best knowledge of the Borrower, threatened against such Borrower which (A) affects or seeks to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the loaning of the proceeds of the Bonds to the Borrower, or the execution and delivery of the Indenture, the Letter of Credit, the Mortgage Loan Documents or the Reimbursement Agreement; (B) affects or questions the validity or enforceability of the Bonds, the Indenture, the Reimbursement Agreement, the Letter of Credit, or the Mortgage Loan Documents; (C) questions the tax-exempt status of the Bonds; or (D) questions the power or authority of such Borrowers to carry out the transactions contemplated by, or to perform its obligations contemplated by, or to perform its obligations under the Reimbursement Agreement or the Mortgage Loan Documents, or the powers of such Borrower to own, operate or lease the Project.

(f) Such Borrower has not received any written notice declaring that it is in material default under any document, instrument or commitment to which such Borrower is a party or to which it or any of its property is subject which default, if not cured within the applicable cure period, would or could materially adversely affect the ability of such Borrower to carry out its obligations under the Mortgage Loan Documents or the Reimbursement Agreement.

(g) Any certificate signed by a Borrowers Representative and delivered pursuant to the Mortgage Loan Documents, the Reimbursement Agreement or the Indenture shall be deemed a representation and warranty by such Borrower as to the statements made therein.

(h) Concurrently with the execution of this Loan Agreement and the Reimbursement Agreement, such Borrower will cause to be delivered to the Trustee, for the benefit of the owners of the Bonds, the Letter of Credit.

(i) In the event the Mortgage Loan proceeds are not sufficient to complete the Project, such Borrower will furnish any additional moneys necessary to complete the Project.

(j) The Indenture has been submitted to such Borrower for its examination, and such Borrower acknowledges, by execution of this Loan Agreement, that it will be bound by the terms thereof to the extent applicable to such Borrower.

(k) Reserved.

(l) Such Borrower acknowledges that the obligation of the Issuer hereunder to issue Bonds to finance the Project does not in any way constitute a representation, warranty, guaranty, advice or suggestion by the Issuer as to the feasibility or viability of the Project, and may not be relied on as such by any investor, tenant, lender, or other person, for any reason.

(m) Such Borrower has no present intention to (A) change the use of the Project or (B) sell, transfer or lease any part of the Project other than leases to residential tenants as contemplated by the Regulatory Agreement.

(n) Such Borrower is not currently under audit by the U.S. Internal Revenue Service (the “IRS”), nor has such Borrower received any notice from the IRS that an audit is being considered.

(o) Notwithstanding any provision to the contrary contained in its organizational documents, such Borrower shall admit individuals to the Project without regard to race, sex, national origin or religious belief.

(p) There are no liens or encumbrances against the revenues pledged under the Mortgage Note other than Permitted Encumbrances.

Section 2.3 Representations, Warranties and Covenants of the Borrowers as to Certain Federal Tax Matters.

The Borrowers represent, as of the date hereof, and warrant and covenant that:

(a) Taking into account the issue price (as defined in Section 1273 of the Code) of the various stated maturities of the Bonds, the average term of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project to be financed by such Bonds, 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 such Bonds. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (i) the Closing Date for the Bonds or (ii) 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, except that, in the event 25% or more of the collective Net Proceeds of such Bonds, directly or indirectly, have been expended for land, such land shall be treated as having an economic life of 30 years and shall be taken into account for purposes of determining the reasonably expected economic life of such property.

(b) All of the documents, instruments and written information supplied by or on behalf of the Borrowers, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Bonds 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 to make the information provided therein, in light of the circumstances under which such information was provided, not misleading.

(c) Pursuant to the requirements of Treasury Regulation Section 1.148-1(b), the Borrowers (or any related person contemplated by such regulations) will not purchase the Bonds upon their initial issuance or except to the extent specifically permitted under the Indenture in an amount related to the amount of the Loan.

Section 2.4 Representations and Warranties of the Trustee. The Trustee makes the following representations and warranties:

(a) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America. The Trustee is duly authorized to exercise fiduciary powers and to execute the Indenture and meets the qualifications to act as Trustee under the Indenture.

(b) The Trustee has all corporate power and authority necessary (i) to execute and deliver the Indenture, authenticate the Bonds and the Mortgage Loan Documents to which it is a party (the “Trustee Documents”), (ii) to perform its obligations under the Trustee Documents, and (iii) to consummate the transactions of the Trustee contemplated by the Trustee Documents.

(c) The Trustee has taken all actions necessary to authorize (i) the execution and delivery of the Trustee Documents, (ii) the performance by the Trustee of its obligations under the Trustee Documents, and (iii) the actions of the Trustee contemplated by the Trustee Documents.

(d) The Trustee Documents have been duly executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Trustee, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principals of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Trustee as a prerequisite to (i) the execution and delivery of the Trustee Documents, (ii) the performance by the Trustee of its obligations under the Trustee Documents, or (iii) the consummation of the transactions contemplated by the Trustee Documents. The Trustee makes no representation or warranty relating to compliance with any federal or state securities law.

## ARTICLE III
## ISSUANCE OF THE BONDS

Section 3.1 Agreement to Issue Bonds and Originate Mortgage Loan. To provide funds for the Mortgage Loan, the Issuer agrees to sell the Bonds and cause them to be delivered to the initial purchasers thereof and deposit the proceeds thereof with the Trustee in accordance with Section 303 of the Indenture. The Bonds represent draw down bonds which shall be drawn upon on each Draw Down Date in accordance with the Indenture. The Issuer agrees to loan such amounts to such Borrowers as evidenced herein and in the Mortgage Note.

Section 3.2 Delivery of the Bonds and Closing of the Mortgage Loan. Upon initial delivery of the Bonds on the Closing Date and on each Draw Down Date thereafter until the final Draw Down Date, the Issuer shall cause the Bond proceeds to be deposited with the Trustee in accordance with the Indenture. Notwithstanding anything therein to the contrary, the maximum par amount of the Bonds issued hereunder shall not exceed the authorized amount of the Bonds pursuant to Section 201 of the Indenture, and no Draw Down Date may occur after December 31, 2023 without a Tax Counsel No Adverse Effect Opinion. The delivery of the Bonds and the closing of the Mortgage Loan shall not occur until the following conditions, in addition to those set forth in the Indenture, are met:

(a) The Trustee, as assignee of the Issuer under the Indenture, shall have received the original executed Mortgage Note and the executed original Initial Letter of Credit and shall have executed a receipt for the proceeds of the Bonds. The Trustee shall have received evidence that the Regulatory Agreement and the Deed of Trust have been recorded in such a manner that the Regulatory Agreement runs with the Affordable Rate Condominium and Market Rate Condominium and is binding on the Borrowers and subsequent owners (subject to equitable remedies) of the Affordable Rate Condominium and Market Rate Condominium.

(b) The Trustee shall have received certified copies of the action taken by the Borrowers authorizing all actions taken or to be taken in connection with each of the Mortgage Loan Documents.

(c) No Event of Default nor any event that with the passage of time or the giving of notice and the expiration of all applicable cure periods would constitute an Event of Default under the Mortgage Loan Documents shall have occurred and be continuing.

(d) All legal matters incident to the transactions contemplated by the Mortgage Loan Documents shall be concluded to the reasonable satisfaction of Bond Counsel.

(e) All conditions precedent to the issuance of the Bonds contained in the Indenture and in the Bond Purchase Agreement shall be fulfilled to the reasonable satisfaction of Bond Counsel.

(f) Bond Counsel shall have received and approved the executed Tax Certificate identifying the anticipated sources and uses of funds to construct the Project.

Section 3.3 Commitment to Execute the Mortgage Note and Pay Issuance Costs. The Borrowers agree to execute and deliver the Mortgage Note simultaneously with the execution of this Loan Agreement, and the Issuer and the Bank have reviewed the Mortgage Note and a form of the Deed of Trust. The Borrowers acknowledge and agree that all of the proceeds of the Bonds, as and when received, will be deposited by the Trustee into the Mortgage Loan Fund and the Cost of Issuance Fund and will be disbursed by the Trustee in accordance with Section 4.2 hereof and Sections 304 and 305 of the Indenture.

Section 3.4 Limitation on Liability of Issuer. The Issuer shall not be obligated to pay the principal or Purchase Price of or interest, or premium, if any, on the Bonds, except from remarketing proceeds and Revenues, as defined in the Indenture.

Any obligation or liability of the Issuer created by or arising out of this Loan Agreement (including without limitation any liability created by or arising out of the representations, warranties or covenants set forth herein or otherwise) shall not impose a debt or pecuniary liability upon the Issuer or a charge upon its general credit, but shall be payable solely out of the Revenues. Neither the issuance of the Bonds nor the delivery of this Loan Agreement shall, directly or indirectly or contingently, obligate the Issuer to make any appropriation for their payment. Nothing in the Bonds or in the Indenture or this Loan Agreement or the proceedings of the Issuer authorizing the Bonds or in the Act or in any other related document shall be construed to authorize the Issuer to create a debt of the Issuer within the meaning of any constitutional or statutory provision of the State of California. No breach of any pledge, obligation or agreement of the Issuer hereunder may impose any pecuniary liability upon the Issuer or any charge upon its general credit.

Section 3.5 The Trustee. The Trustee shall act as specifically provided herein, in the Indenture and the Deed of Trust and may exercise such additional powers as are reasonably incidental hereto and thereto, all subject to its right to compensation, indemnification and reimbursement under this Loan Agreement and the Indenture. Any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Trustee, provided that the Trustee shall have no duty to perform such act unless such duty is expressly set forth as a duty of the Trustee in the Indenture or the Mortgage Loan Documents to which the Trustee is a party. The Trustee shall not be liable for any action taken or omitted to be taken by it hereunder or in connection herewith or in connection with the Mortgage Loan Documents, except for its negligence or willful misconduct. The Trustee may consult with legal counsel selected by it (the reasonable fees of which counsel shall be paid by the Borrower) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it.

## ARTICLE IV
## THE MORTGAGE LOAN

Section 4.1 Amount and Source of Mortgage Loan. The Issuer hereby agrees to fund to the Borrowers, and the Borrowers hereby (a) accept from the Issuer, upon the terms and conditions set forth herein and in the Indenture, the Mortgage Loan and (b) agree to have the proceeds of the Mortgage Loan applied and disbursed in accordance with the provisions of this Loan Agreement and the Indenture. The Mortgage Loan shall be deemed made when the Trustee acknowledges receipt of the proceeds of the Bonds and satisfaction of the conditions specified in Section 3.2 hereof.

Section 4.2 Draw Request. The Trustee shall make a draw on the Bonds upon the Trustee's and the Underwriter's receipt from the Borrower of a Draw Request at least 30 days prior to the Draw Down Date designated in such Draw Request.

Section 4.3 Disbursement of Loan Proceeds.

(a) Funds in the Mortgage Loan Fund shall be disbursed by the Trustee upon receipt of an original executed Funding Requisition, substantially in the form in Exhibit B hereto, executed by the Borrowers Representative. Such disbursements shall be limited in frequency to no more than two per calendar month.

(b) On the next regularly scheduled Interest Payment Date that is not less than 45 days following the Completion Date (or such later date as may be extended pursuant to paragraph (f) below), the Trustee shall transfer to the Debt Service Fund the amount of funds remaining in the Mortgage Loan Fund on the Completion Date (or the 15th day of the second month preceding the month in which any extension of such Completion Date ends). The Mortgage Note will be prepaid in that amount on the first regularly scheduled Interest Payment Date on or after the Completion Date. Upon the Bank's payment of a draw on the Letter of Credit to partially redeem Bonds, the Trustee shall deliver the unused Bond proceeds and interest earnings thereon to the Bank to reimburse the Bank for payment of such draw, and the amount of unused Bond proceeds shall be credited against the Borrowers' obligations under the Reimbursement Agreement. Unless there has been an extension of the Completion Date pursuant to paragraph (f) below, no Funding Requisition requesting a draw upon the Mortgage Loan Fund will be honored after the Completion Date.

(c) The Borrowers covenant and agree that (i) they will cause all of the moneys disbursed from the Mortgage Loan Fund (including any investment earnings on such moneys) to be disbursed for Project Costs, and (ii) no moneys will be disbursed from the Mortgage Loan Fund to pay Issuance Costs.

(d) Within two (2) Business Days of receipt of an executed Funding Requisition, properly executed by the Borrowers thereon, the Trustee, subject to the availability of liquid funds, shall disburse moneys from the Mortgage Loan Fund to the Borrowers' account indicated therein in accordance with such Funding Requisition.

(e) The Borrowers hereby agree that funds disbursed to the Borrowers pursuant to a Funding Requisition for further disbursement to third parties shall be paid to such third parties in the ordinary course of business. The Borrowers reasonably expect such funds will be disbursed from their account within five Business Days of such deposit.

(f) Upon written request of the Borrowers, for purposes of paragraph (b) above, the Completion Date may be extended upon the written consent of the Issuer, and receipt by the Bank, the Trustee and the Issuer of a Tax Counsel No Adverse Effect Opinion with respect to such extension.

(g) Amounts held under the Indenture shall be invested in accordance with the terms thereof. The Borrowers acknowledge that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Borrowers the right to receive brokerage confirmations of security transactions, the Borrowers waive receipt of such confirmations. The Trustee shall furnish the Borrowers Representative periodic statements which include detail of all investment transactions made by the Trustee.

## ARTICLE V
## REPAYMENT OF THE MORTGAGE LOAN

Section 5.1 Mortgage Loan Repayment. The Mortgage Loan shall be evidenced by the Mortgage Note, which Mortgage Note shall be executed and delivered by the Borrowers to the Trustee, as assignee of the Issuer under the Indenture, without recourse or warranty whatsoever. The Borrowers agree to pay to the Trustee the principal of, premium (if any) and interest on the Mortgage Note at the times, in the manner and in the amount set forth therein. To cause moneys to be available for the payment of principal and Purchase Price of and interest on the Bonds at all times that principal, Purchase Price and interest shall become due and payable pursuant to this Loan Agreement and the Indenture, the Borrowers have caused to be delivered to the Trustee the Initial Letter of Credit. To secure its obligations to repay the Mortgage Note, the Borrowers shall grant to the Trustee a security interest in the Project upon acquisition thereof pursuant to the terms of the Deed of Trust, and the Borrowers hereby agree to the Trustee exercising all of its respective rights and remedies under the Deed of Trust upon the occurrence of an Event of Default hereunder or thereunder, in accordance with its terms and subject to the provisions of the Indenture.

(a) Subject to the terms of the last paragraph of this Section 5.1(a), on each Interest Payment Date, the Borrowers shall pay, in repayment of the Mortgage Loan, to the Trustee for the account of the Issuer until such principal of, premium (if any) and interest on the Bonds shall have been paid or provision for payment has been made in accordance with the Indenture, in federal or other immediately available funds as provided in the Mortgage Note, an amount which will equal the sum of (i) the interest on the Bonds which is due on such Interest Payment Date and (ii) the principal of and premium, if any, on the Bonds due on such Interest Payment Date (whether at maturity, by prior redemption or otherwise).

Each Mortgage Note repayment under this Section 5.1 shall at all times be sufficient to pay the total amount of interest, principal and premium, if any, payable on the Bonds on the applicable Interest Payment Date. If on any Interest Payment Date after the Trustee has drawn or attempted to draw moneys under the Letter of Credit in accordance with its terms, the amounts held by the Trustee in the Debt Service Fund are insufficient to make the required payments of interest, principal, and premium, if any, on the Bonds on such date as required by the terms of the Indenture, the Borrowers shall, upon receipt of a written request from the Trustee, forthwith pay such deficiency to the Trustee in immediately available funds for deposit in the Debt Service Fund, and such payments shall be credited against amounts owed under the Mortgage Note.

The Borrowers hereby authorize and direct the Trustee to draw funds under the Letter of Credit in accordance with the provisions of the Indenture, this Loan Agreement and thereof to the

extent necessary to pay the interest on and principal of the Bonds when due. So long as the principal of and interest on the Bonds are paid by funds drawn under the Letter of Credit, the obligations of the Borrowers hereunder to pay principal of and interest on the Mortgage Loan shall be deemed satisfied and discharged at such time; and to the extent that Seasoned Funds are applied by the Trustee to the obligation to pay the redemption premium, if any, pursuant to the terms of the Indenture the obligations of the Borrowers under the Mortgage Note with respect to the payment of such premium shall be deemed satisfied and discharged at such time.

(b) The Borrowers shall pay all taxes and assessments, general or special, including, without limitation, all *ad valorem* taxes, concerning or in any way related to the Project, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments; provided, however, that the Borrowers reserve the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Project.

(c) The Borrowers shall pay (i) to the Trustee when due, the Trustee Fee, (ii) to the Issuer, or to the Trustee on behalf of the Issuer, when due, the Issuer Fee, (iii) all fees and costs incurred for the calculation of Rebate Amount, including the fees and expenses of the Rebate Analyst, as well as the Rebate Amount, if any, required to be paid to the United States of America, (iv) to the Issuer or the Trustee, the Rating Agency Surveillance Fee, if any, and (v) to the Remarketing Agent, its ongoing fees as remarketing agent as specified in the Remarketing Agreement.

(d) The Borrowers further agree that they will make available (by virtue of the Trustee's draws on the Letter of Credit), in a timely manner, moneys for the repurchase of all Bonds tendered for repurchase pursuant to the provisions of Articles II and IV of the Indenture. The Borrowers hereby authorize and direct the Trustee to draw moneys under the Letter of Credit for such purpose.

(e) If the Mortgage Note is prepaid in full pursuant to Section 5.3 or 5.4 hereof and a Regulatory Agreement is in full force and effect after such prepayment, the Borrowers shall pay to the Issuer, on the date of such prepayment, the amount due under the Regulatory Agreement, if any with respect to the Issuer Fee.

(f) The Borrowers shall pay to the Trustee, forthwith upon written notice from the Trustee, all costs and expenses reasonably incurred by the Trustee pursuant to clause (b) of the definition of Trustee Fee.

(g) Pursuant to Section 202(f) of the Indenture, the Borrowers may request a Conversion of the interest rate mode with respect to the Bonds. The Borrowers agree to deposit with the Trustee all costs to be incurred prior to the Conversion Date (as estimated by the Remarketing Agent) no later than 35 days prior to the Conversion Date. Interest earned on any investment of such moneys (as directed by the Borrowers in Permitted Investments) prior to expenditure shall accrue to the benefit of the Borrower. In the event the actual costs exceed the amount paid, the Borrowers shall pay such amounts immediately upon receipt of notice thereof by the Trustee.

(h) The Borrowers may provide a Substitute Letter of Credit or Alternate Credit Facility in accordance with the terms of Section 310 or Section 313 of the Indenture.

(i) The Borrowers shall pay all charges, costs, advances, indemnities and expenses, including agent and counsel fees of the Issuer incurred by the Issuer at any time in connection with the Bonds or the Project, including, without limitation, counsel fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of the Indenture, the Bonds or the Mortgage Loan Documents or any other documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit or post issuance examination of the Bonds. The Issuer agrees that it will notify the Borrowers of the receipt of audit communications from any state or federal agency and will execute any consent required in order to permit the Borrowers to assume the primary communication and/or negotiation responsibility with any state or federal agency.

Section 5.2 Nature of the Borrower's Obligations. The Borrowers shall repay the Mortgage Loan pursuant to the terms of Section 5.1 of this Loan Agreement and the Mortgage Note, irrespective of any rights of set-off, recoupment or counterclaim it might have against the Issuer, the Trustee, the Bank, or any other person; provided, that any such payment shall not constitute a waiver by the Borrowers of any claim for recoupment or of any counterclaim. The Borrowers will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, (i) any delay or interruption in the acquisition, construction, equipping or operation of the Project; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Mortgage Loan or the Project; (iii) any event constituting *force majeure*; (iv) any acts or circumstances that may constitute commercial frustration of purpose; (v) the termination of this Loan Agreement or any of the other Mortgage Loan Documents; (vi) any change in the laws of the United States of America, the State or any political subdivision thereof; or (vii) any failure of the Issuer to perform or observe any covenant whether expressed or implied, or to discharge any duty, liability or obligation arising out of or connected with the Mortgage Note; it being the intention of the parties that, as long as the Mortgage Note or any portion thereof remains outstanding and unpaid, the obligation of the Borrowers to repay the Mortgage Loan and provide such moneys shall continue in all events. This Section 5.2 shall not be construed to release the Issuer from any of its obligations hereunder, or the Trustee from any of its obligations under the Indenture, or, except as provided in this Section 5.2, to prevent or restrict the Borrowers from asserting any rights which it may have against the Issuer or the Trustee (or the loan servicer, if different from the Trustee) under the Mortgage Note or the Indenture, or under any provision of law, or to prevent or restrict the Borrower, at its own cost and expense, from prosecuting or defending any action or proceeding by or against the Issuer or the Trustee (or the loan servicer, if different from the Trustee) or taking any other action to protect or secure its rights. It is expressly acknowledged that the extent of the liability of the Borrowers, their successors and assigns and any existing or future members of the Borrowers under this Loan Agreement, shall be limited to the collateral encumbered by the Deed of Trust.

Section 5.3 Mandatory Prepayment of Mortgage Note.

(a) The Mortgage Note is subject to mandatory prepayment at a price equal to the principal amount of Bonds to be redeemed as a result of such prepayment together with accrued interest to the date fixed for such redemption of the Bonds on the dates and at the times set forth in Section 602 of the Indenture.

(b) The Trustee shall draw on the Letter of Credit to pay the redemption price, (other than premium, if any, if the Letter of Credit does not permit a draw therefor) of the Bonds. Upon the Bank's payment of a draw on the Letter of Credit to redeem such Bonds, the Trustee

shall remit any prepayments held by it to the Bank as reimbursement for the payment of such draw. If, however, the Bank fails to honor such draw, subject to Section 901(i) of the Indenture, the Trustee shall forthwith use such prepayments to the extent possible to redeem the Bonds.

(c) In the event of a partial prepayment of the Mortgage Note, pursuant to this Section or Section 5.4, the principal amount of the Borrowers' obligation under the Mortgage Note shall be reduced by the principal amount of Bonds redeemed with the proceeds of such prepayment.

Section 5.4 Optional Prepayment of Mortgage Note.

(a) On any Business Day on or prior to the Fixed Rate Conversion Date, the Borrowers may, at their option (and in accordance with the provisions of Section 6.4 hereof), prepay the Mortgage Note in whole or in part, in a manner consistent with the requirements of Sections 602 and 603 of the Indenture, with the consent of the Bank, at a price equal to the principal amount to be prepaid together with accrued interest to the date fixed for redemption of the Bonds to be redeemed with such prepayment.

(b) Upon and after the Fixed Rate Conversion Date the Borrowers may, at their option, prepay the Mortgage Note in a manner consistent with the requirements of Section 602(b)(ii) of the Indenture in part on _____ 1 or _____ 1, or in whole on any Business Day, at a redemption schedule to be determined by the Remarketing Agent at the time of Conversion, provided, that the Trustee must receive (a) the written consent to the redemption schedule from the provider of the Letter of Credit or Alternate Credit Facility to be in effect while the Bonds are at a Fixed Rate, and (b) an Opinion of Bond Counsel to the effect that such change will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds.

(c) Any optional prepayment of the principal of and the interest on the Mortgage Note must be made with Seasoned Funds and only upon approval of the Bank if such principal and interest is to be paid from the proceeds of a draw on the Letter of Credit. No prepayment will be credited to the Borrowers or used to redeem Bonds unless the Issuer notifies the Trustee in writing that it has received the amounts required, if any, to be paid pursuant to Section 5.1(e) hereof. The Borrowers shall give written notice of any such intended optional prepayment to the Issuer, the Trustee, the Bank and the Remarketing Agent, if applicable, no later than 30 days prior to the date set for notice to Bondowners of such redemption. Seasoned Funds in an amount equal to the applicable premium (if not paid from a draw on the Letter of Credit) shall be on deposit with the Trustee prior to the Trustee's mailing of the redemption notice; provided, that if the redemption is intended to be paid within the proceeds of refunding bonds, mailing of conditional notice of such redemption may be made prior to receipt of such Seasoned Funds.

(d) Unless payable from other Seasoned Funds, the Trustee shall draw on the Letter of Credit to pay the redemption price of the Bonds excluding premium, if any, unless a Substitute Letter of Credit provides therefor. Upon the Bank's payment of a draw on the Letter of Credit to redeem such Bonds, the Trustee shall remit any prepayments held by it to the Bank as reimbursement for payment of such draw. If, however, the Bank fails to honor such draw, subject to Section 901(i) of the Indenture, the Trustee shall use such moneys to the extent possible to redeem the Bonds.

Section 5.5 Past Due Payments. Except for amounts due on the Mortgage Note, any amounts not paid to the Issuer or Trustee in accordance with this Loan Agreement shall bear interest at Ten Percent (10%) per annum, compounded monthly, until finally paid.

Section 5.6 Letter of Credit.

(a) At all times during which Bonds are Outstanding, the Borrowers shall cause to be provided and continuously available to the Trustee, as beneficiary, an irrevocable, direct pay Letter of Credit or Alternate Credit Facility meeting the requirements of Section 310 or 313 of the Indenture.

(b) The Trustee, in accordance with Section 309(b) of the Indenture, shall draw on the Letter of Credit in the amount necessary to pay principal of and/or interest on the Bonds due each Interest Payment Date and in accordance with Section 309(c) of the Indenture shall draw on the Letter of Credit to pay the Purchase Price of Bonds tendered for repurchase but not remarketed.

(c) The Borrowers may provide the Trustee with one or more Substitute Letters of Credit or Alternate Credit Facilities in accordance with the requirements of Section 310 or Section 313 of the Indenture and subject to Section 6.26(b) of the Reimbursement Agreement.

Section 5.7 Insurance and Condemnation Proceeds.

If prior to full payment of the Bonds (or prior to provision for payment thereof having been made in accordance with the provisions of the Indenture) (a) the Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty or (b) title to or any interest in, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person, firm or corporation acting under governmental authority, or conveyed to a governmental authority by condemnation or other taking, the Borrowers shall be obligated to continue to pay the amounts specified in Section 3. Additionally, within 10 days of its occurrence, the Borrowers shall notify the Issuer, the Bank and the Trustee in writing of any damage, destruction or condemnation to the Project.

(a) Application of Insurance and Condemnation Proceeds. If, as a result of fire or other casualty, the Project, or any part thereof, is damaged or destroyed, or the Project, or any part thereof, shall be condemned or acquired for public use, the Borrowers shall, within 60 days after receiving actual notice of such damage, destruction or condemnation, provided the Borrowers are not then in default under the Loan Documents, elect to follow one of the two courses of action as set forth below by written notice to the Issuer, the Bank and the Trustee:

*Alternative A: Repair and Restoration*. If, in the reasonable opinion of the Borrowers, the Project can be repaired or restored to substantially the same condition as it existed prior to the event causing such damage or destruction, and in a manner that is economical and can be completed prior to the expiration of any rental loss insurance, or the effect of the condemnation can be relieved so that the status of the Project will be restored to substantially the same status as it existed prior to the event causing such condemnation, without, in either case, jeopardizing repayment of the principal of and interest on the Bonds, all in accordance with the opinion of an expert or experts selected as referred to below, repair and restore the Project by causing the Insurance and Condemnation Proceeds to be deposited in the Insurance and Condemnation Proceeds Fund, and the Trustee shall, in accordance with the requirements of Section 308 of the Indenture, apply the Insurance and Condemnation Proceeds to the payment or reimbursement of

the costs of such repair or restoration pursuant to Funding Requisitions (provided, that if the amount of such proceeds is less than $10,000, such proceeds may be used by the Borrowers for any purpose). The Borrowers may rely on the advice of architects, engineers, accountants, financial consultants, attorneys or other experts reasonably selected by it in the foregoing matters. Any Insurance and Condemnation Proceeds in excess of the amount required to repair and restore such Project under this Alternative A, shall be deposited into the Debt Service Fund and applied to the redemption of the Bonds in accordance with Section 601(a)(v) of the Indenture.

*Alternative B: Prepayment of Loan; Redemption of Bonds*. Apply the Insurance and Condemnation Proceeds relating to such damage, destruction or condemnation to the redemption of the Bonds in accordance with Section 601(a)(v) of the Indenture and shall thereby cause the Mortgage Loan to be prepaid pursuant to Section 5.3) hereof. In order to effect such redemption, the Trustee shall draw on the Letter of Credit in the principal amount of such proceeds to redeem a corresponding amount of Bonds. Upon the Bank's honoring of a draw on the Letter of Credit to redeem such Bonds, the Trustee shall apply the Insurance and Condemnation Proceeds to reimburse the Bank for the payment of such draw. The Trustee shall remit to the Borrowers all such proceeds received in excess of the amount necessary to reimburse the Bank for payment of a draw on the Letter of Credit to redeem the Bonds.

(b) Insufficiency of Insurance and Condemnation Proceeds. If, in accordance with Alternative A above, the Borrowers elect to repair or restore a Project or any portion thereof and the Insurance and Condemnation Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement, the Borrowers will nonetheless complete the work and will pay any cost in excess of the amount of the Insurance and Condemnation Proceeds held by the Trustee. The Borrowers agree that if, by reason of any such insufficiency of the Insurance and Condemnation Proceeds, the Borrowers shall make any payments pursuant to the provisions of this Section, the Borrowers shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Owners, nor shall the Borrowers be entitled to any diminution of the amounts payable under the Mortgage Note.

## ARTICLE VI
## FURTHER AGREEMENTS

Section 6.1 Successor to the Issuer. The Issuer will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law or assure the assumptions of its obligations hereunder by any public trust or political subdivision succeeding to its powers.

Section 6.2 Borrowers to Maintain its Existence; Conditions Under Which Exceptions Permitted. The Borrowers agree that during the term of this Loan Agreement it will maintain its existence as a limited liability company or limited partnership, as applicable, will continue to be duly qualified to do business in the State, and each will not dispose of all or substantially all of its assets nor consolidate with or merge into another entity, unless (i) it shall have first filed with the Issuer and the Trustee an opinion of Bond Counsel to the effect that such disposal of assets, consolidation or merger will not cause the interest on the Bonds to become subject to federal or state income taxation; (ii) the acquirer of its assets or the entity with which it shall consolidate or into which it shall merge shall be a partnership, corporation, limited partnership or limited liability company organized and existing under the laws of the United States of America or one of the states of the United States of America and shall be qualified and admitted to do business in the

State; (iii) such acquiring or remaining entity shall satisfy any additional requirements or conditions set forth in the Regulatory Agreement and the Reimbursement Agreement; (iv) such acquiring or remaining entity shall assume in writing all of the obligations of the Borrowers under the Mortgage Loan Documents, subject to all of the limitations of liability applicable to the Borrowers; and (v) the Bank shall have provided prior written consent to such disposition, consolidation or merger and assumption of liability and the Borrowers shall have furnished within 10 days after any such action, notice thereof and a copy of all instruments of assumption of liability to the Issuer and the Trustee.

Section 6.3 Cooperation in Enforcement of Regulatory Agreement. The Borrowers hereby covenant and agree as follows:

(a) to comply with all provisions of the Regulatory Agreement;

(b) to advise the Issuer and the Bank in writing promptly upon learning of any material default with respect to the covenants, obligations and agreements of the Borrowers set forth in any Regulatory Agreement;

(c) upon written direction by the Issuer of the Trustee, to cooperate fully and promptly with the Issuer or the Trustee in enforcing the terms and provisions of the Regulatory Agreement; and

(d) to file in accordance with the time limits established by each Regulatory Agreement all reports and certificates required thereunder, in substantially the form attached thereto.

Section 6.4 Tax Exempt Status of Bonds; Arbitrage. It is the intention of the Borrowers and the Issuer that interest on the Bonds shall be and remain excluded from gross income of the owners of the Bonds under federal tax law, and to that end the covenants and agreements of the Issuer and the Borrowers in this section are for the benefit of each and every Owner of a Bond.

The Borrowers and the Issuer covenant and agree that they have not taken or permitted to be taken and will not take or permit to be taken any action that will cause the interest on the Bonds to become included in gross income for federal tax purposes pursuant to the Code or to become “arbitrage bonds” within the meaning of Section 148 of the Code; provided that none of the covenants and agreements herein contained shall require either the Borrowers or the Issuer to enter an appearance or intervene in any administrative, legislative or judicial proceeding in connection with any changes in applicable laws, rules or regulations or in connection with any decisions of any court or administrative agency or other governmental body affecting the taxation of interest on the Bonds; and provided further, that each party’s responsibility under this paragraph shall be limited to actions within its control.

The Borrowers agree to pay, in accordance with Section 5.1(c) hereof, the costs of the calculation of the Rebate Amount and the Rebate Amount, if any, owing to the United States of America on the Bonds. The Trustee shall deposit and disburse Rebate Amounts so received in accordance with Section 503 of the Indenture.

The Borrowers further covenant that they will not take any action, fail to take any action or make any use of the Project or the proceeds of the Bonds that would cause the interest on any of the Bonds to be or become includable in the gross income of such Bondowners for federal income tax purposes, other than substantial users.

Without limiting the generality of the foregoing, the Borrowers and the Issuer covenant and agree that they will take such action or actions (including, without limitation, consenting and agreeing to amendments to the Indenture, Regulatory Agreement, Tax Certificate or this Loan Agreement, as may be necessary in the opinion of Bond Counsel), so that the Borrowers, all subsequent owners of the Project and the Project comply fully and continuously with Sections 142(d), 145 and 148 of the Code, as applicable, and with all applicable legislative enactments or applicable final decisions of courts of competent jurisdiction.

By virtue of the preceding agreement to comply with future laws or regulations, the Borrowers, the Trustee and the Issuer do not intend nor shall they be deemed to waive any rights or defenses they may have, individually or collectively, to contest the application of such laws or regulations to the Project on the grounds that such application would constitute a prohibited impairment of contract or on any other applicable grounds. Nevertheless, while contesting the application of any such laws or regulations, the Borrowers shall take such actions deemed necessary in the opinion of Bond Counsel to maintain the exclusion from gross income of interest on the Bonds.

In making the representations and agreements set forth in Section 6.4 above, the Issuer is relying solely upon the representations and warranties of the Borrowers in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate. A default by the Borrowers in any of their covenants, representations and agreements in the Loan Agreement, Regulatory Agreement or Tax Certificate upon which the Issuer is relying in Section 6.4 shall not be considered a default by the Issuer.

Section 6.5 Additional Instruments. The Borrowers hereby covenant to execute and deliver such additional instruments and to perform such additional acts as may be necessary, in the reasonable opinion of the Issuer or the Trustee, to carry out the intent of the Mortgage Loan Documents, the Tax Certificate, and the Deed of Trust when executed and recorded or to perfect or give further assurances of any of the rights granted or provided for in the Mortgage Loan Documents when executed and recorded.

Section 6.6 Books and Records. The Borrowers hereby covenant upon reasonable notice to permit the Issuer and the Trustee or their duly authorized representatives, access (wherever regularly located) during normal business hours to the books and records of the Borrowers pertaining to the Mortgage Loan and the Project, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions to the Issuer and the Trustee and their duly authorized representatives.

Section 6.7 Notice of Certain Events. The Borrowers hereby covenant to advise the Issuer, the Bank and the Trustee promptly in writing of the occurrence of any Event of Default hereunder or any event of which Borrowers have knowledge which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. In addition, the Borrowers hereby covenant to advise the Issuer, the Bank and the Trustee promptly in writing of the occurrence of any default under the Mortgage Loan Documents or of the occurrence of an Act of Bankruptcy of the Borrowers.

Section 6.8 Indemnification of the Issuer and the Trustee. The Borrowers shall indemnify, hold harmless and defend the Issuer and the Trustee, and their respective commissioners, officers, members, directors, officials, agents and employees and each of them from and against: (i) any and all third party claims by or on behalf of any person except the

Borrowers, Issuer, or Trustee, arising from any cause whatsoever in connection with the acceptance and administration of the trusts created by the Indenture, this Loan Agreement, the Regulatory Agreement and the Deed of Trust, the financing of the Project or the making of the Mortgage Loan, other than claims established to be caused by the gross negligence or willful misconduct of the Trustee or the willful misconduct of the Issuer or their respective officers, members, directors, officials, agents or employees; (ii) any and all third party claims arising from any act or omission of the Borrowers or any of their agents, servants, employees or licensees, in connection with the Mortgage Loan or the Project; and (iii) all reasonable costs, counsel fees, or liabilities incurred in connection with any such claim or proceeding brought thereon. In the event that any action or proceeding is brought against the Issuer, the Trustee or any of their respective commissioners, officers, members, directors, officials or employees, with respect to which indemnity may be sought hereunder, the Borrowers, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel reasonably selected by the indemnified party and reasonably acceptable to the Borrowers and the payment of all reasonable expenses related thereto; provided, if the claim alleges Trustee negligence, the Trustee shall assume such investigation and defense, and the expenses thereof, as they relate to the claim against the Trustee; and, provided further, that no settlement of a claim or proceeding against an indemnified party shall occur without the consent of such party, and no settlement of a claim or proceeding for which the Borrowers have an indemnification obligation under this Section 6.8 shall occur without the Borrowers Representative's written consent, provided an event of default by the Borrowers has not occurred and is continuing. The rights of the Trustee and the Issuer under this Section 6.8 and under Section 5.1 hereof shall survive resignation or removal of the Trustee and final payment or defeasance of the Bonds.

Section 6.9 Consent to Assignment. The Issuer has made an assignment to the Trustee under the Indenture for the benefit of the Bondowners of all rights and interest of the Issuer in and to the Mortgage Loan Documents (except its rights under the Regulatory Agreement and its rights under this Loan Agreement to approve transfer of the Project, to indemnification, to notice and to fees and costs); and the Borrowers hereby consent to all such assignments. The Issuer, at the request of the Trustee and at the expense of the Borrowers, shall file financing statements and other documents as the Trustee shall deem necessary or desirable to perfect the lien of the Indenture with respect to the Mortgage Loan Documents, and the Borrowers hereby consent to all such filings.

Section 6.10 Compliance with Usury Laws. Notwithstanding any other provision of this Loan Agreement, it is agreed and understood that in no event shall this Loan Agreement, with respect to the Mortgage Note or other instrument of indebtedness, be construed as requiring the Borrowers or any other Person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Loan Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law.

In the event of any acceleration of the payment of the principal amount of the Mortgage Note or other evidence of indebtedness, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Loan Agreement or related documents shall be cancelled automatically as of the date of such acceleration, or if theretofore paid, credited against the Borrowers' obligations to the Bank under the Reimbursement Agreement.

The provisions of this section shall prevail over any other provision of this Loan Agreement.

Section 6.11 Completion of Project. Neither the Issuer nor the Trustee makes any express or implied warranty that the moneys deposited in the Mortgage Loan Fund under the provisions of this Loan Agreement will be sufficient to pay all the amounts that may have been incurred for Project Costs and Issuance Costs.

Section 6.12 Design of Project. To the best of the Borrowers' knowledge, the design, acquisition, construction and operation of the Project as described herein do not and will not conflict with any zoning, water, environmental or air pollution or other ordinance, order, law or regulation applicable thereto; the Borrowers have or will cause to be established an ongoing program to maintain the Project's compliance with all applicable federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety, and environmental quality; and the Borrowers have not failed to obtain (or will obtain or will cause to be obtained when required) and maintain (or cause to be maintained) in effect any material licenses, permits, franchises or other governmental authorizations necessary for the operation and conduct of the Project.

Section 6.13 Payment of Taxes. The Borrowers have filed or caused to be filed all federal, state and local tax returns or information returns that are required to have been filed with respect to the Project, except those for which valid extensions for the filing have been applied for and obtained, and of which Borrowers have knowledge, and have paid or caused to be paid all taxes as shown on said returns or on any assessment received by the Borrowers, to the extent that such taxes have become due and payable other than those payable without penalty or interest.

Section 6.14 No Untrue Statements. Neither this Loan Agreement, the other Mortgage Loan Documents nor any other document, certificate or written statement furnished to the Trustee, the Bank, the Remarketing Agent, the Underwriter, the Issuer or Bond Counsel by or on behalf of the Borrowers, contains to the best of the Borrowers' knowledge any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein regarding the Borrowers not misleading or incomplete under the circumstances in which made as of the date hereof and as of Bond Closing, and the facts and statements by or on behalf of the Borrowers set forth in said documents with respect to the Project are, to the best of the Borrowers' actual knowledge, accurate in all material respects. It is specifically understood by the Borrowers that all such statements, representations and warranties shall be deemed to have been relied upon by the Issuer as an inducement to make the Mortgage Loan, and that if any such statements, representations and warranties were materially incorrect at the time they were made or as of Bond Closing, the Issuer may consider any such misrepresentation or breach an Event of Default.

Section 6.15 Insurance; Maintenance and Repair. The Borrowers agree to insure the Project or cause the Project to be insured during the term of this Loan Agreement for such amounts and for such occurrences as are required under the Deed of Trust, as such requirements may be amended from time to time; provided, that each such insurance policy shall name the Trustee as an additional insured. The Trustee shall have no responsibility for monitoring, reviewing or receiving insurance policies related to the Project or for the sufficiency of such insurance. The Borrowers further agree to maintain the Project, or cause the Project to be maintained, during the term of this Loan Agreement (i) in a reasonably safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 6.16 Borrower's Compliance with Covenants. The Borrowers agree to deliver to the Issuer during the term of the Regulatory Agreement the documents required therein at the times specified therein and in substantially the forms attached thereto.

Section 6.17 Transfer of Project. The Transfer of any Project or any portions thereof shall be in accordance with Section 10 of the applicable Regulatory Agreement.

Section 6.18 Compliance with Secondary Disclosure Requirements of the Securities and Exchange Commission. The Borrowers shall enter into a binding agreement or undertaking with the Issuer, a disclosure agent and the Owners of the Bonds that complies with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission in effect on the date of such binding agreement.

Section 6.19 OFAC Representation. Neither Borrowers nor any affiliate of Borrowers is (or will be) a person with whom the Trustee is restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC" ) of the Department of the Treasury of the United States of America (including, those Persons named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, the September 24, 2001 Executive Order Blocking Project and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and shall not engage in any dealings or transactions or otherwise be associated with such persons. In addition, Borrowers hereby agree to provide the Trustee with any additional information the Trustee requests from time to time in order to ensure compliance with all applicable laws concerning money laundering and similar activities.

Section 6.20 MSRB Rule G-34(c) Compliance. In order to permit the Remarketing Agent to comply with MSRB Rule G-34(c), the Borrowers hereby (i) authorize and direct the Trustee to deliver to the Remarketing Agent the Letter of Credit, the Reimbursement Agreement, this Loan Agreement, the Indenture and any other documents executed after the delivery of the Bonds that establish an obligation to provide liquidity with respect to the Bonds or that set forth or define critical aspects of the liquidity facility for the Bonds (including any executed amendments, renewals, supplements or replacements to the aforementioned) (all such documents, "Rule G-34 Documents"). If the Borrowers determine that any information in the Rule G-34 Documents is confidential or proprietary to the Borrower, the Borrowers shall identify such information to the Remarketing Agent in writing and request its redaction. The Borrowers further agree that the Remarketing Agent shall have no responsibility and holds the Remarketing Agent harmless with respect to identifying and/or redacting any confidential or proprietary information in the Rule G-34 Documents.

## ARTICLE VII
## EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. Subject to the terms of Section 7.2, each of the following shall be an "Event of Default":

(a) the Borrowers shall fail to pay or cause to be paid amounts required to pay principal of, premium, if any, or interest on the Bonds or the Purchase Price upon a tender of Bonds on the dates required under Section 5.1(a) or (d); or

(b) the Borrowers shall fail to pay amounts required to be paid to the Trustee under Section 5.1(b), (c), (e), (f), (g), (i) or Section 6.8 after five Business Days have elapsed from

the delivery of written notice of such event has been sent by fax with hard copy promptly deposited in first class mail to the parties hereto; or

(c) the Borrowers shall fail to perform or observe any of its other obligations, covenants or agreements contained in this Loan Agreement, including a failure to repay any amounts which have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings; or

(d) an Event of Default shall occur under any Mortgage Loan Document other than this Loan Agreement; or

(e) the Trustee shall have received notice from the Bank that an "Event of Default," as such term is defined in the Reimbursement Agreement, has occurred under the Reimbursement Agreement; or

(f) any representation or warranty of the Borrowers shall be determined by the Trustee to have been materially false when made, or the Trustee has received notice from the Issuer of such determination.

Section 7.2 Notice of Default; Opportunity to Cure. No default under Section 7.1(c), (d) or (f) hereof shall constitute an Event of Default until:

(a) The Trustee or the Issuer shall give notice to all parties hereto of such default specifying the same and stating that such notice is a "Notice of Default"; and

(b) The Borrowers shall have had 60 days after receipt of such notice to correct the default arising under Section 7.1(c), (d) or (f); provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the applicable party institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, (ii) the Bank consents to such extension beyond the aforesaid 60-day period, and (iii) in the opinion of Bond Counsel, the failure to cure said default within such 60 days will not adversely affect the exemption from federal income taxation of interest on the Bonds.

Section 7.3 Remedies. Whenever any Event of Default under Section 7.1 hereof shall have happened and be continuing, the following remedial steps shall be taken, subject to the provisions of Sections 7.2 hereof:

(a) Immediately upon the occurrence of any Event of Default under Section 7.1(a), (b) or (e) and immediately upon the request of the Issuer upon the occurrence of any Event of Default under Section 7.1(c), (d) or (f), the Trustee shall declare all amounts due under this Loan Agreement and the Mortgage Note to be immediately due and payable. If, however, the Trustee has, pursuant to Section 809 and 810 of the Indenture, waived an Event of Default identified in Section 801 thereof, the related Event of Default under this Loan Agreement shall not be deemed to be continuing and the Trustee shall not declare all amounts due under this Loan Agreement and the Mortgage Note immediately due and payable as a result of such related Event of Default under this Loan Agreement.

(b) [Reserved]

(c) Notwithstanding anything herein to the contrary, upon an Event of Default, and so long as the Bank has not failed to honor a properly presented and conforming draw on the Letter of Credit, the Trustee shall not accelerate the amounts owed under this Loan Agreement and the Mortgage Note unless it has been directed to do so by the Bank.

(d) Subject to the provisions of Sections 5.2, the Trustee and the Issuer, at the written request or consent of the Trustee, shall take whatever action at law or in equity may appear necessary or desirable to collect the payments required to be made by the Borrowers under this Loan Agreement and the Mortgage Note, or to enforce performance and observance of any obligation or agreement of the Borrowers under the Mortgage Loan Documents, but in no event shall the Issuer or the Trustee be obligated to take any such action which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until indemnity satisfactory to it as provided in Section 901(g) of the Indenture has been furnished.

Any amounts collected as payments made on the Mortgage Note, or applicable to such payments, and any other amounts which would be applicable to payment of principal of, premium, if any, and interest on the Bonds collected pursuant to action taken under this section shall be applied in accordance with the provisions of the Indenture or, if the Bonds Outstanding have been deemed paid in accordance with the provisions of the Indenture, shall be paid as provided in Article III of the Indenture. Upon payment in full of all amounts owing under the Indenture, including all amounts owed to the Trustee, the Trustee shall give written notice to the Bank of such payment. Upon payment in full of all amounts owing under the Mortgage Loan Documents, including all fees and expenses of the Trustee and the Issuer, the Issuer shall transfer any remaining right, title or interest that it has in the Indenture, the Deed of Trust and the Mortgage Loan Documents to the Bank (or to the Borrowers if the Borrowers have paid all amounts owed to the Bank under the Reimbursement Agreement and any Loan Documents (as defined in the Reimbursement Agreement)), except the Issuer's and the Trustee's rights to be indemnified, as provided for herein and therein.

Section 7.4 Attorneys' Fees and Costs. If any party to this Loan Agreement should commence an action for the enforcement of any obligation or agreement of any other party contained herein, the prevailing party in any such action (for the purposes of this Section 7.4 the term "action" shall include any judicial proceeding, arbitration, mediation, and all appeals from any decision in any such judicial proceeding, arbitration, mediation and appeal) shall be entitled to recover from the other parties, in addition to any damages or equitable relief, the reasonable fees of such attorneys and the reasonable costs so incurred, including without limitation, reasonable fees and costs of all court appeals.

Section 7.5 No Remedy Exclusive. No remedy herein conferred upon or reserved any party to this Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to either of them in this Article VII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.6 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Borrowers and

thereafter waived by the Issuer or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE VIII
## MISCELLANEOUS

Section 8.1 Entire Agreement. The Mortgage Loan Documents, the Indenture and the Letter of Credit Documents constitute the entire and final agreement and supersede all prior agreements and understandings, both written and oral, between or among any one or more of the Issuer, the Trustee, the Bank and the Borrowers with respect to the subject matter hereof.

Section 8.2 Notices. All notices, certificates or other communications shall be in writing and shall be sufficiently given and shall be deemed given (except for notices to the Trustee, which shall be deemed given only when actually received by the Trustee) on the Business Day on which the same have been personally delivered (either by messenger or courier service which guarantees next day delivery) or (if not by such messenger or by courier service), on the third Business Day following the date on which the same has been mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

| | |
|---|---|
| If to the Issuer: | Housing Authority of the City of San Diego<br>1122 Broadway, Suite 300<br>San Diego, California 92101<br>Attention: Executive Director<br>Phone: (619) 578-7575 |
| If to the Borrowers: | 220 W Broadway Development Partners, L.P.<br>5000 East Spring Street, Suite 500<br>Long Beach, California 90815<br>Attention: Tom Warren<br>Phone: (206) 465-4569<br><br>Affordable Housing Access, Inc.<br>3920 Birch Street, Suite 103<br>Newport Beach, California 92660<br>Attention: William Hirsh<br>Phone: (949) 253-3120 |
| With copies to (which shall not constitute notice to Borrowers): | Oregon Law Group PC<br>1675 SW Marlow Avenue, Suite 404<br>Portland, Oregon 97225<br>Attention: Joel Kaplan, Esq.<br>Phone: (971) 285-4620<br><br>Chernove & Associates, Inc.<br>16027 Ventura Boulevard, Suite 660<br>Encino, California 91436<br>Attention: Sheldon Chernove, Esq.<br>Phone: (818) 377-8102 |

North America Sekisui House, LLC
9171 Towne Centre Drive, Suite 335
San Diego, California 92122
Attention: Hiroaki Takahama
Phone: (858) 766-9908

Nash Advisory Services LLC
2001 Richmond Highway, Suite 701
Arlington, Virginia 22202
Attention: Tom McKay
Phone: (703) 740-0317

Morrison & Foerster LLP
Shin-Marunouchi Building 5-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100-6529
Attention: Joshua Isenberg, Esq.
Phone: (213) 892-5622

If to the Underwriter: Stifel, Nicolaus & Company, Incorporated
1401 Lawrence Street, Suite 900
Denver, Colorado 80202
Attention: Brad Edgar
Phone: (303) 291-5263

If to the Trustee: U.S. Bank National Association
Global Corporate Trust Services
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Julia Hommel
Phone: (213) 615-6024

If to the Rating Agency: S&P Global Ratings
55 Water Street, 38th Floor
New York, NY 10041
Attention: Public Finance
Electronic: pubfin_housing@spglobal.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007

If to the Remarketing Agent: Stifel, Nicolaus & Company, Incorporated
1401 Lawrence Street, Suite 900
Denver, Colorado 80202
Attention: Brad Edgar
Phone: (303) 291-5263

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. 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.

Section 8.3 Assignments. This Loan Agreement may not be assigned by any party without the prior written consent of all parties hereto which consent shall not be unreasonably withheld; provided, that the Issuer shall assign to the Trustee its rights under this Loan Agreement as provided in Section 6.9; provided also, that the Borrowers may assign to any transferee or any surviving or resulting entity its rights under this Loan Agreement with the consent of the Bank and compliance with the requirements of Section 6.2 hereof; and, provided further, that the Trustee without the consent of any other party shall assign its rights under this Loan Agreement to any successor Trustee designated in accordance with the Indenture.

Section 8.4 Severability. If any provision of this Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 8.5 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.6 Amendments, Changes and Modifications. Except as otherwise provided in this Loan Agreement or in the Indenture, subsequent to the issuance of Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of the Indenture), this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of all parties hereto. Notice of any such change, amendment or modification shall be provided to the Remarketing Agent by the Issuer.

Section 8.7 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 8.8 Term of Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof until such time as all the Bonds shall have been fully paid or provision made for such payment pursuant to the Indenture, whichever shall be earlier. Time is of the essence in this Loan Agreement.

Section 8.9 Survival of Loan Agreement. All agreements, representations and warranties made herein shall survive the making of the Mortgage Loan.

Section 8.10 Non-Business Days. Any payment or act required to be done or made on a day that is not a Business Day shall be done or made on the next succeeding day that is a Business Day with the same force and effect as if it had been done on the date originally scheduled for such payment or act.

Section 8.11 Trustee Acting Solely in Such Capacity. In accepting its obligations hereunder, the Trustee acts solely as trustee for the benefit of the Bondowners and not in its

individual capacity, and all persons, including, without limitation, the Issuer and the Borrower, seeking payment from the Trustee for any liability arising by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment except where such liability arises out of the negligence or willful misconduct of the Trustee. All of the rights, privileges, and limitations on liability granted to the Trustee under the Indenture shall extend to the Trustee's activities and obligations under this Loan Agreement and each of the other Mortgage Loan Documents.

Section 8.12 Parties to Act Reasonably. When the consent, approval, determination or authorization of any party to this Loan Agreement is required, such party will act reasonably in deciding whether to provide such consent, approval, determination or authorization and will not unreasonably withhold or delay such decision or such consent, approval, determination or authorization.

Section 8.13 Conflict of Documents. In the event the provisions of this Loan Agreement conflict with provisions of the Indenture, the provisions of the Indenture shall be deemed to control.

Section 8.14 Loan Terms. The Bank will promptly notify the Issuer and the Trustee of any amendment to any of the Letter of Credit Documents.

Section 8.15 Transfer of Project; Disposition of Assets. As soon as practicable and not later than fourteen days prior to the intended date of sale, transfer or other disposition of the Project (other than by leasing or renting for individual resident use), or the consolidation, merger or disposition of substantially all the assets of the Borrowers of which the Bank has notice, the Bank shall notify the Issuer and the Trustee of such transaction. Such transaction and its expected date shall be subject to the applicable conditions set forth in Section 6.17 hereof.

Section 8.16 Release of Documents. Upon any payment in full of the Mortgage Note in accordance with Section 5.3 or Section 5.4 hereof or any nonjudicial foreclosure under the Deed of Trust on all property secured thereby and the payment of all amounts owed to the Bank under the Reimbursement Agreement and any Related Documents (as defined in the Reimbursement Agreement), the Mortgage Note shall be released and delivered to the Borrower, and the rights of the Trustee under the Deed of Trust shall be terminated in accordance with its terms, and to the extent the Qualified Project Period (as defined in the Regulatory Agreement) has then expired, the Regulatory Agreement shall be released and its lien on the Project discharged.

Section 8.17 Oral Agreements Not Enforceable. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER CALIFORNIA LAW.

Section 8.18 Joint and Several Liability; Non-recourse. Except as specifically provided herein to the contrary, the Affordable Borrower and the Market Rate Borrower shall be each jointly and severally liable for the obligations of the Borrowers hereunder; provided that, it is expressly acknowledged that the extent of the liability of the Borrowers, their successors and assigns and any existing or future members of the Borrowers, under the Mortgage Note and hereunder, shall be limited to the collateral encumbered by the Deed of Trust.

Section 8.19 Third Party Beneficiary. The Bank shall be a third-party beneficiary of this Loan Agreement in all respects except as to enforcement of, or any rights under, the Deed of Trust.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement, all as of the day and year first above mentioned.

ISSUER:

**Housing Authority of the City of San Diego**

By_____
Richard C. Gentry
Executive Director

BORROWER:

**220 W Broadway Development Partners, L.P.,**
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company
its Managing General Partner

By: Affordable Housing Access, Inc.,
A California nonprofit public benefit corporation,
its Manager

By: _____
Name: _____
Title: _____

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

**220 W Broadway Market Rate 2, LLC,**
a Delaware limited liability company

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

TRUSTEE:

**U.S. Bank National Association**, as Trustee

By_____
Authorized Signatory

# EXHIBIT A

## DESCRIPTION OF THE PROJECT

The Project consists of (a) the Affordable Rate Condominium, as defined in the Regulatory Agreement, including 41 residential rental units to be rented to qualified tenants at affordable rental rates, as required in the Regulatory Agreement, and functionally related and subordinate facilities thereto, including common area amenities and parking for such units and (b) the Market Rate Condominium, as defined in the Regulatory Agreement, including 41 residential units to be rented at market rates, and functionally related and subordinate facilities thereto, including common area amenities and parking for such units.

EXHIBIT B

FORM OF FUNDING REQUISITION

FUNDING REQUISITION
FOR MORTGAGE LOAN FUND DRAWS

Project: Courthouse Commons

Date: _____ Requisition No. _____

Dear Trustee:

All terms used in this Funding Requisition have the meanings given to them in the Loan Agreement dated _____ 1, 2020, among the undersigned, U.S. Bank National Association (the "Trustee"), and the Housing Authority of the City of San Diego (the "Loan Agreement"):

1. Amount due and to be distributed from Bond proceeds: $_____.

2. The undersigned hereby represents that:

(a) each obligation to which the amount specified above relates has been properly incurred in connection with the Project being financed with the proceeds of the Mortgage Loan, is a reimbursable Project Cost properly chargeable against the Mortgage Loan Fund and has not been the basis of any previous disbursement, and is not the basis of any pending Funding Requisition;

(b) the expenditure of the amount specified above, when added to all previous disbursements from the Mortgage Loan Fund, will result in all such disbursements having been used to pay or reimburse the Borrowers for Project Costs;

(c) none of the proceeds of the Bonds (including investment earnings thereon) will be used to provide an airplane, a skybox or any other private luxury box, any facility primarily used for gambling, health club facility or any store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(d) the Regulatory Agreement is in full force and effect and no default has occurred thereunder;

(e) this Funding Requisition is submitted for payment of the [Project Cost/Qualified Project Cost] set forth on Schedule A hereto and not for Issuance Costs; and

(f) with respect to previous requisitions for which funds were disbursed to third parties, such third parties were paid within five Business Days of the receipt by the Borrowers of such funds in accordance with Section 4.2(e) of the Loan Agreement.

3. Funds shall be disbursed as described in Schedule A for the following purposes: (a) to the Borrowers only in reimbursement of expenditures made subsequent to sixty days

before _____, 2020, and (b) to the third parties identified in Schedule A for costs incurred by the Borrowers but not yet paid.

Attached to this Funding Requisition is a summary of the invoices itemizing the expenditures for which the Borrowers are submitting this Funding Requisition. Funds deposited with the Borrowers for further disbursement to third parties shall be paid to such third parties by check dated the date of such deposit, and the Borrowers reasonably expect such funds will be disbursed from its account within five Business Days of such deposit.

BORROWERS:

**220 W Broadway Development Partners, L.P.,**
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Affordable Housing Access, Inc.,
A California nonprofit public benefit corporation,
its Manager

By: _____
Name: _____
Title: _____

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

**220 W Broadway Market Rate 2, LLC,**
a Delaware limited liability company

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

EXHIBIT C

MORTGAGE NOTE
FOR THE
COURTHOUSE COMMONS

San Diego, California

$24,000,000 [_____] [___], 2020

FOR VALUE RECEIVED, **220 W BROADWAY MARKET RATE 2, LLC**, a Delaware limited liability company, and **220 W BROADWAY DEVELOPMENT PARTNERS, L.P.**, a Delaware limited partnership (jointly and severally, the "Borrowers"), having their principal place of business at c/o [Holland Partner Group], 5000 East Spring Street, Suite 500, Long Beach, CA 90815, promises to pay in lawful money of the United States of America to the order of **U.S. BANK NATIONAL ASSOCIATION** ("Payee"), as trustee and assignee of the Housing Authority of the City of San Diego (the "Lender") under the Indenture, in immediately available funds at its place of business at 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, or such other office as may be specified by the holder hereof, the principal sum of Twenty-Four Million Dollars ($24,000,000), or such lesser amount as shall have been advanced to the Borrowers pursuant to the terms of the Loan Agreement among the Borrowers, the Lender and Payee, dated as of the date hereof (as may be amended, restated or supplemented from time to time, the "Loan Agreement"), together with interest on said principal sum in like money at the rate and in the manner hereinafter provided. The loan to be made pursuant to the Loan Agreement is referred to herein as the "Loan" (and is the "Mortgage Loan" referred to in the Loan Agreement). This Note is issued to evidence Borrowers' obligation to repay the Loan (and is the "Mortgage Note" referred to in the Loan Agreement).

This Note is issued to evidence the Borrowers' payment obligations contained herein and in the Loan Agreement and is secured by a Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing made as of even date herewith from the Borrowers to Chicago Title Insurance Company, a Florida corporation, for the benefit of the Payee (as it may be amended or supplemented from time to time, the "Deed of Trust"). Terms used herein that are not otherwise defined shall have the meaning ascribed to such terms in the Loan Agreement.

Mizuho Bank, acting through its New York Branch (the "LOC Bank") has issued a letter of credit (the "Letter of Credit") to secure the Bonds pursuant to a certain reimbursement agreement dated as of the date hereof (the "Reimbursement Agreement") between the LOC Bank, in its capacity as Administrative Agent, the Borrowers, and certain affiliates thereof.

The unpaid principal amount of this Note shall bear interest from the date of this Note at the rate or rates that shall be payable on the Bonds, as determined pursuant to the provisions of the Indenture, until the entire unpaid principal amount hereof shall be repaid (by acceleration or otherwise), except that amounts of principal or interest not paid by the Borrowers when due hereunder that are reimbursable to the Administrative Agent under the Reimbursement Agreement shall bear interest at the rate provided in the Reimbursement Agreement.

Except as provided below with respect to draws on the Letter of Credit, on or before each Interest Payment Date for any Bonds or any other date that any payment of interest is required to be made in respect of any Bonds pursuant to the Indenture, the Borrowers shall pay, in repayment of the Mortgage Loan, to the Trustee for the account of the Issuer until such principal of, premium (if any) and interest on the Bonds shall have been paid or provision for payment has been made in accordance with the Indenture, in federal or other immediately available funds, an amount which will equal the sum of (i) the interest on the Bonds which is due on such Interest Payment Date and (ii) the principal of and premium, if any, on the Bonds due on such Interest Payment Date (whether at maturity, by prior redemption or otherwise).

The payments under this Note shall at all times be sufficient to pay the total amount of interest, principal and premium, if any, payable on the Bonds on the applicable Interest Payment Date. If on any Interest Payment Date after the Trustee has drawn or attempted to draw moneys under the Letter of Credit in accordance with its terms, the amounts held by the Trustee in the Debt Service Fund are insufficient to make the required payments of interest, principal, and premium, if any, on the Bonds on such date as required by the terms of the Indenture, the Borrowers shall, upon receipt of a written request from Trustee, forthwith pay such deficiency to the Trustee in immediately available funds for deposit in the Debt Service Fund, and such payments shall be credited against amounts owed hereunder.

Under the Loan Agreement, the Borrowers have authorized and directed the Trustee to draw funds under the Letter of Credit in accordance with the provisions of the Indenture, and the Loan Agreement and hereof to the extent necessary to pay the interest on and principal of the Bonds when due. So long as the principal of and interest on the Bonds are paid by funds drawn under the Letter of Credit, the obligations of the Borrowers hereunder to pay principal of and interest on the Mortgage Loan shall be deemed satisfied and discharged at such time; and to the extent that Seasoned Funds are applied by the Trustee to the obligation to pay the redemption premium, if any, pursuant to the terms of the Indenture the obligations of the Borrowers under the Mortgage Loan with respect to the payment of such premium shall be deemed satisfied and discharged at such time.

The Borrowers shall pay all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, concerning or in any way related to the Project, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments; provided, however, that the Borrowers reserve the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Project.

The Borrowers shall pay (i) to the Trustee when due, the Trustee Fee, (ii) to the Issuer, or to the Trustee on behalf of the Issuer, when due, the Issuer Fee, (iii) all fees and costs incurred for the calculation of Rebate Amount, including the fees and expenses of the Rebate Analyst, as well as the Rebate Amount, if any, required to be paid to the United States of America, (iv) to the Issuer or the Trustee, the Rating Agency Surveillance Fee, if any, and (v) to the Remarketing Agent, its ongoing fees as remarketing agent as specified in the Remarketing Agreement.

The Borrowers shall pay any other costs and expenses due and payable under Section 5.1 of the Loan Agreement.

This Note shall be subject to optional and mandatory prepayment in the amounts and on the dates of optional and mandatory prepayment of the Bonds, as more specifically set forth in

Sections 5.3 and 5.4 of the Loan Agreement and in compliance with the terms of the Reimbursement Agreement.

Any amounts collected as payments made on this Note, or applicable to such payments, and any other amounts which would be applicable to payment of principal of, premium, if any, and interest on the Bonds shall be applied in accordance with the provisions of the Indenture or, if the Bonds Outstanding have been deemed paid in accordance with the provisions of the Indenture, shall be paid as provided in Article III of the Indenture; provided, however, that so long as the Borrowers have paid the Payee all sums due to the Payee as of any prepayment date, including (i) any rebate of arbitrage or yield reduction payments then due hereunder, (ii) any fees then due hereunder, under the Deed of Trust or the Loan Agreement, if any, and (iii) interest then due hereunder, then any optional prepayments made in accordance with this Note shall be applied to pay principal of this Note allocable to the Bonds.

It is hereby expressly agreed that the entire unpaid balance of the principal sum hereof shall, at the option of the holder hereof, become immediately due and payable without necessity for presentment and demand, notice of protest, demand and dishonor or nonpayment of this Note, upon the happening and continuance of an Event of Default as defined in the Loan Agreement, and all of the terms, conditions and provisions of the Deed of Trust, the Indenture, and the Bonds are, by this reference thereto, incorporated herein as part of this Note. Failure to exercise any such option at any time shall not constitute a waiver of the right of the holder hereof to exercise the same in the event of any subsequent Event of Default or acceleration event. It is hereby expressly agreed that the Borrowers' rights of presentment and demand, notice of protest, demand and dishonor of this Note are hereby expressly waived. It is further expressly agreed that this Note, or any payment hereunder, may be extended from time to time by written agreement between the parties without in any other way affecting the liability and obligation of the Borrowers.

This Note may not be changed or discharged orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought. The obligations of the Borrowers to make the payments required herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Payee of any obligation to the Borrowers, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Borrowers by Payee, and, until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Borrowers will not suspend or discontinue any payments provided for herein.

Any notice to be given hereunder shall be given in the form and in the manner set forth in the Loan Agreement.

This Note shall be construed and enforced in accordance with the laws of the State of California as applicable to contracts made and performed entirely within such state by residents of such state and in the event either the Borrowers or the Payee commences an action or proceeding to enforce the terms of this Note, the Borrowers consent to the conduct of such litigation in San Diego County if commenced in State court, or in the Southern District of California if commenced in federal court.

It is expressly acknowledged that the extent of the liability of the Borrowers, their successors and assigns and any existing or future members of the Borrowers, under this Note shall be limited to the collateral encumbered by the Deed of Trust.

Notwithstanding anything to the contrary contained herein, in no event shall the total of all charges payable hereunder, under the Deed of Trust, or under the Loan Agreement, that are or could be held to be in the nature of interest, exceed the maximum rate permitted to be charged under applicable law. Should any payment be made that is or would be in excess of that permitted to be charged under any applicable law, such payment shall have been and shall be deemed to have been, made in error and shall automatically be applied to reduce the principal due hereunder.

If any action, suit or proceeding is commenced by or against the Payee, including a foreclosure action affecting the premises subject to the Deed of Trust, any part thereof or the lien of the Deed of Trust, the Payee may appear, defend, prosecute, retain counsel and take such other action as the Lender shall deem necessary or advisable, and the reasonable costs thereof (including legal fees and all applicable statutory costs, allowances and disbursements) together with interest if the Borrowers fail to promptly reimburse the Payee for such costs thereon at the rate of ten percent (10%) per annum, but in no event in excess of the maximum interest rate permitted by law, shall be paid by the Borrowers on demand. Until paid by the Borrowers, all such amounts, costs and expenses, together with the interest thereon, shall be secured by the Deed of Trust and may be added to the judgment in any foreclosure action.

TO THE EXTENT PERMITTED BY LAW, THE BORROWERS WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION UNDER THIS NOTE.

[balance left blank intentionally]

IN WITNESS WHEREOF, the Borrowers have caused this Note to be duly executed and delivered in their respective name by their respective duly authorized representative as of the date first above written.

BORROWERS:

220 W Broadway Development Partners, L.P.,
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Affordable Housing Access, Inc.,
A California nonprofit public benefit corporation,
its Manager

By: _____
Name: _____
Title: _____

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

220 W Broadway Market Rate 2, LLC,
a Delaware limited liability company

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF DRAW REQUEST

DRAW REQUEST

[DATE]

U.S. Bank National Association, as Trustee
Global Trust Services
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Julia Hommel

Stifel, Nicolaus & Company, Incorporated
1401 Lawrence Street, Suite 900
Denver, Colorado 80202
Attention: Brad Edgar

Re: $24,000,000 Housing Authority of the City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons) Series 2020 F

Borrowers: 220 W Broadway Development Partners, L.P.,
220 W Broadway Market Rate 2, LLC

Draw #: _____

Dear _____:

Reference is hereby made to Section 4.2 of that certain Loan Agreement dated as of _____, 2020 (the "Loan Agreement"), executed by and among the Housing Authority of the City of San Diego, the undersigned, and U.S. Bank National Association, as trustee for the Bonds. Any defined terms not otherwise described herein shall have the same definitions as in the Loan Agreement.

As contemplated in Section 4.2 of the Loan Agreement and Section 202(a) of the Indenture, the Borrowers hereby request that you make a draw on the Bonds in the amount of $_____ on the Draw Down Date of _____ __, 20__.

The undersigned hereby represents that the Regulatory Agreement is in full force and effect and no default has occurred thereunder.

BORROWERS:

220 W Broadway Development Partners, L.P.,
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Affordable Housing Access, Inc.,
A California nonprofit public benefit corporation,
its Manager

By: _____
Name: _____
Title: _____

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

EXHIBIT E

PERMITTED ENCUMBRANCES

[TO COME.]

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Josh D. Anzel, Esq.

---

Affordable Rate Condominium: a portion of APN #_____
Market Rate Condominium: a portion of APN #_____
Address: 220 West Broadway, San Diego, California 92103

**REGULATORY AGREEMENT AND**
**DECLARATION OF RESTRICTIVE COVENANTS**

**by and among the**

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO**
**as Issuer**

**And**

**220 W BROADWAY MARKET RATE 2, LLC**
**a Delaware limited liability company**

**and**

**220 W BROADWAY DEVELOPMENT PARTNERS, L.P.**
**a Delaware limited partnership**

**And**

**U.S. BANK NATIONAL ASSOCIATION**
**as Trustee**

**Dated as of _____ 1, 2020**

**Relating to:**
**Housing Authority of San Diego**
**Variable Rate Demand Multifamily Housing Revenue Bonds**
**(Courthouse Commons)**
**2020 Series F**

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**REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS**

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "**Regulatory Agreement**") is made and entered into as of _____ 1, 2020, by and among the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the "**Issuer**"), 220 W BROADWAY MARKET RATE 2, LLC, a Delaware limited liability company registered in California (the "**Market Rate Owner**"), and 220 W BROADWAY DEVELOPMENT PARTNERS, L.P., a Delaware limited partnership registered in California (the "**Affordable Owner**" and together with the Market Rate Owner, jointly and severally, the "**Owner**"), and U.S. BANK NATIONAL ASSOCIATION, as trustee under the Indenture (hereinafter defined) (the "**Trustee**").

RECITALS

A. WHEREAS, the Legislature of the State of California enacted Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "**Act**") to authorize housing authorities to, among other actions, issue revenue bonds to finance the acquisition and construction of multifamily rental housing for families and individuals of low income; and

B. WHEREAS, the Issuer is a public body (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

C. WHEREAS, on July 30, 2019, the Issuer adopted its Resolution No. HA-1831 (as so amended, the "**Inducement Resolution**") authorizing the incurrence of debt pursuant to the Act in connection with the financing of the acquisition and construction of 82 units of multifamily rental housing, and related and subordinate facilities, to be constructed at 220 West Broadway, in the City of San Diego, California on the site described in Exhibit A hereto and known as Courthouse Commons (as more fully described in the definition of "Project" in Section 1 hereof, the "**Project**"), which housing project shall be subject to the terms and provisions hereof; and

D. WHEREAS, in furtherance of the purposes of the Act and the Inducement Resolution and as a part of the Issuer's plan of financing residential housing, the Issuer has issued its revenue bonds designated "Housing Authority of the City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons), 2020 Series F" in the aggregate principal amount of up to $24,000,000 (the "**Bonds**") pursuant to the terms of that certain Indenture of Trust of even date herewith (the "**Indenture**"), between the Issuer and the Trustee, the proceeds of which Bonds were loaned to the Owner (the "**Loan**") pursuant to the terms of a Loan Agreement, dated the same date as the date of this Regulatory Agreement (the "**Loan Agreement**"), by and among the Issuer, the Owner and the Trustee; and

E. WHEREAS, the Project will include the Market Rate Condominium (as defined below), which will be owned by the Market Rate Owner and will include 41 residential units that will be rented at market rates, and the Affordable Rate Condominium, which will be owned by the Affordable Owner and will include 41 residential units to be rented to qualified tenants at affordable rental rates more specifically set forth in this Regulatory Agreement; and

F. WHEREAS, the Issuer hereby certifies that all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding and limited obligations of the Issuer according to the import thereof, and to constitute the Indenture a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of the Indenture and the execution and issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

G. 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 constructed, used and operated in accordance with the Code and the Act, the Issuer and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction and operation of the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Issuer, the Owner and the Trustee agree as follows:

1. Definitions and Interpretation. Capitalized terms used herein have the meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

"**Act**" has the meaning given to it in the recitals hereto.

"**Adjusted Income**" means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the United States Housing Act of 1937, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

"**Administrator**" means the San Diego Housing Commission, or its designee, or any successor Administrator appointed by the Issuer.

"**Affiliate**" or "**Affiliated Party**" means (a) a Person whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a Person who together with the Owner 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), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"**Affordable Owner**" means 220 W Broadway Development Partners, L.P., a Delaware limited partnership registered in California and its successors and assigns.

"**Affordable Rate Condominium**" has the meaning given to the term "Affordable Rate Unit" in the Declaration, which includes 41 residential rental units that will be rented to qualified tenants at affordable rental rates more specifically set forth in this Regulatory Agreement.

"**Area**" means the Primary Metropolitan Statistical Area in which the Project is located, as promulgated by HUD.

"**Authorized Owner Representative**" means any person who, at any time and from time to time, is designated as the Owner's authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Owner by the President and Chief Executive Officer of the managing general partner of the Owner, which certificate may designate an alternate or alternates.

"**Bonds**" means the Housing Authority of the City of San Diego Variable Rate Multifamily Housing Revenue Bonds (Courthouse Commons), 2020 Series F, as issued under the Indenture.

"**Bond Issuance Date**" has the same meaning as the term "Closing Date" herein.

"**CDLAC**" means the California Debt Limit Allocation Committee.

"**CDLAC Conditions**" has the meaning given to it in Section 30 hereof.

"**CDLAC Resolution**" means Resolution No. 20-570 adopted by CDLAC on April 14, 2020, with respect to the Project, as such resolution may be modified or amended from time to time.

"**Certificate of Continuing Program Compliance**" means the certificate with respect to the Project to be filed by the Owner with the Issuer and the Trustee pursuant to Section 4(f) hereof, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C or in such other form as may be provided by the Administrator to the Owner.

"**City**" means the City of San Diego, California.

"**Closing Date**" has the meaning given to such term in the Indenture.

"**Code**" has the meaning given such term in the Indenture.

"**Costs of Issuance**" shall have the meaning given to the term "Issuance Costs" in the Indenture.

"**County**" means the County of San Diego, California.

"**DDA**" means that certain Disposition and Development Agreement by and between the County and the Owner, relating to the Project.

"**Declaration**" means the Master Declaration of Covenants, Conditions and Restrictions and Establishment of Easements for Courthouse Commons Condominiums, which has been recorded in the official public records of the Office of the Recorder for the County.

"**Equity Investor**" means, 220 W Broadway LP, LLC, a Delaware limited liability company, and any successor in interest to its limited partnership interest in the Affordable Owner.

"**Facilities**" means the Affordable Rate Condominium and the Market Rate Condominium, including fixtures and equipment; and including the common areas in the building, parking, and functionally related and subordinate facilities, as well as any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to all or any part of such units, areas and facilities.

"**Housing Act**" means the United States Housing Act of 1937, as amended, or its successor.

"**HUD**" means the United States Department of Housing and Urban Development.

"**Income Certification**" means an Income Computation and Certification in the form attached as Exhibit B to this Regulatory Agreement or in such other form as may be provided by the Administrator to the Owner.

*"***Indenture***"* has the meaning given to it in the recitals hereto.

"**Inducement Date**" means July 30, 2019, the date of adoption of the Inducement Resolution.

"**Inducement Resolution**" means Resolution No. HA-1831 adopted by the Board of Commissioners of the Issuer on the Inducement Date indicating the Issuer's intention to issue bonds to finance the acquisition and construction by the Owner of the Project.

"**Issuer**" means the Housing Authority of the City of San Diego, and any successor thereto.

"**Issuer Fee**" means, collectively, the fees payable by the Owner to the Issuer as described in the second paragraph of Section 5(a) hereof.

"**Loan**" means the loan made to the Owner pursuant to the terms of the Loan Agreement to provide for the financing for a portion of the costs of the acquisition and construction by the Owner of the Project.

*"***Loan Agreement***"* has the meaning given to it in the recitals hereto.

"**Low Income Tenants**" means individuals or families (i) with an Adjusted Income that does not exceed sixty percent (60%) of the Median Income for the Area with adjustments for family size; and (ii) with an income that does not exceed the qualifying limits for low income families as established and amended from time to time pursuant to Section 8 of the Housing Act, or who otherwise qualify as lower income households as defined by Section 50079.5 of the California Health and Safety Code. If all the occupants of a unit are students (as defined under Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Low Income Tenants.

"**Market Rate Owner**" means 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company registered in California and its successors and assigns.

"**Market Rate Condominium**" has the meaning given to the term "Market Rate Unit 2" in the Declaration.

"**Median Income for the Area**" means the median income for the Area as most recently determined by the Secretary of the Treasury in a manner consistent with the determination of lower-income families and area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008, including adjustments for family size, or, if programs under said Section 8 are terminated, median income for the area determined under the method in effect immediately before such termination.

"**Operating Agreement**" means the Operating Agreement of the Market Rate Owner as in effect on the Closing Date, and as it may thereafter be amended, modified, or restated from time to time.

"**Owner**" has the meaning given to it in the preamble hereof.

"**Partnership Agreement**" means the Amended and Restated Agreement of Limited Partnership of the Affordable Owner as in effect on the Closing Date, and as it may thereafter be amended, modified or restated from time to time.

"**Person**" means an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

"**Project**" means the Facilities and the Owner's interest in the Site as described in the Declaration.

"**Project Costs**" means, to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Owner with respect to the acquisition and construction of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, predevelopment interest expenses, 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 construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and Owner's overhead and supervisors' fees and costs directly allocable to 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 interest accrued during construction and prior to the date of completion of the Project.

"**Qualified Project Costs**" means Project Costs that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Owner or but for a proper election by the Owner to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during acquisition and construction of the Project shall be eligible to be a Qualified Project Cost as is so capitalizable and as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the construction of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed by an Affiliate (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing the Project (or any portion thereof or actual out-of-pocket supervisory cost incurred by such Affiliate (or any portion thereof) and (B) any overhead expenses incurred by the Affiliate which are directly attributable to the work performed on the Project, and

shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds, such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the Project that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid). Notwithstanding the foregoing, "Qualified Project Costs" shall not include costs of issuance or costs related to the acquisition or construction of any office or commercial space not functionally related to the dwelling units in the Project.

"**Qualified Project Period**" means the period beginning on the first day on which at least ten percent (10%) of the dwelling units in the Project are first occupied, and ending on the later of (a) the first day on which no tax exempt private activity bond issued with respect to the Project is outstanding, (b) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates, (c) the date on which the Bonds are paid in full or extinguished, or (d) the date which is 55 years after the Bond Issuance Date (which 55 years may be reduced to no less than 15 years following the date on which at least fifty percent (50%) of units in the Project are first occupied, upon receipt of the written consents of the Issuer and CDLAC to such shortened term, which consents may be given in the sole discretion of the Issuer and CDLAC, respectively). For purposes of clause (a), the term "private activity bond" has the meaning contemplated in Section 142(d)(2)(A)(ii) of the Code.

"**Registered Owner**" or "**Bondowner**" or "**owner**" when used with respect to the Bonds, means the owner of the Bonds then outstanding under the Indenture, as shown on the registration books maintained by the Trustee pursuant to the Indenture.

"**Regulations**" means the income tax regulations promulgated by the United States Department of the Treasury pursuant to the Code from time to time.

"**Regulatory Agreement**" means this Regulatory Agreement and Declaration of Restrictive Covenants, together with any amendments or supplements hereto, or restatements hereof.

"**Security Instrument**" means the Deed of Trust as defined in the Indenture.

"**Site**" means 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.

"**State**" means the State of California.

"**Tax Certificate**" means the Certificate as to Arbitrage of the Owner and the Issuer dated the Closing Date, together with the Certificate Regarding Use of Proceeds, dated the Closing Date, executed and delivered by the Owner.

"**Tax Counsel**" shall mean (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys designated by the Issuer and approved by the Underwriter having a national reputation for skill in connection with the authorization and issuance of municipal bonds under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

"**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 Bonds from gross income for purposes of federal income taxation from the holder thereof except for a "substantial user" or "related person" as defined in Section 147(a) of the Code (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"**Tax-Exempt**" with respect to interest on any obligations of a state or local government, including the Bonds, means that such interest is excluded from gross income for federal income tax purposes from the owner thereof except for a "substantial user" or "related person" as defined in Section 147(a) of the Code; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax under the Code.

"**Trustee**" has the meaning given to it in the recitals hereto.

"**Underwriter**" means Stifel, Nicolaus & Company, Incorporated, in its capacity as the Underwriter under the Indenture.

"**Very Low Income Tenants**" means individuals or families whose income does not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the Housing Act, or who otherwise qualify as very low income households as defined by Section 50105 of the California Health and Safety Code.

"**Very Low Income Units**" means the 41 dwelling units in the Affordable Rate Condominium designated for occupancy by Very Low Income Tenants pursuant to Section 4(a) of this Regulatory 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.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

2. Acquisition, Development and Construction of the Project. The Owner, hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Owner has incurred, or will incur within six (6) months after the Closing Date, a substantial binding obligation to a third party to commence the construction of the Project, pursuant to which the Owner is or will be obligated to expend an amount equal to or greater than five percent (5%) of the aggregate principal amount of the Bonds for the payment of Qualified Project Costs.

(b) The Owner's reasonable expectations respecting the total cost of construction of the Project and the disbursement of proceeds from the Bonds are accurately set forth in the Tax Certificate, which has been delivered to the Issuer on the Closing Date.

(c) The Owner will proceed with due diligence to complete the acquisition, development and construction of the Project and expects to expend the maximum authorized amount of the Loan for Project Costs within three (3) years of the Closing Date.

(d) The Owner shall prepare and submit to the Issuer a final allocation of the proceeds of the Bonds to the payment of Qualified Project Costs, which allocation shall be consistent with the Cost Certification delivered pursuant to the Affordable Owner's Partnership Agreement, within sixty (60) days after the date of completion of the Project, but in any event no later than the earlier of: (1) eighteen (18) months from the placed in service date for the Project; (2) the latest maturity date for the Bonds; (3) the fifth anniversary of the Closing Date; or (4) redemption or defeasance in full of the Bonds. Such final allocation shall provide the Administrator with final actual sources and uses of funds for the acquisition and construction of the Project and shall confirm to the staff of the Administrator that such sources and uses of funds complies with all applicable State and federal legal requirements, including those set forth in the Tax Certificate.

(e) The Owner shall deliver to the Administrator and the Trustee, (i) within 30 days after the date on which 10% of the dwelling units in the Project are occupied, a written notice specifying such date, and (ii) within 30 days after the date on which 50% of the dwelling units in the Project are occupied, a written notice specifying such date.

(f) The Owner shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(g) The Owner (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take any action if such action or omission would in any way cause the proceeds from the execution, issuance and delivery

of the Bonds to be applied in a manner contrary to the requirements of the Loan Documents or this Regulatory Agreement.

(h) On or concurrently with the final draw by the Owner of amounts representing proceeds of the Bonds, the expenditure of such draw, when added to all previous disbursements representing proceeds of the Bonds, will result in not less than ninety-five percent (95%) of all disbursements of proceeds from the Bonds having been used to pay or reimburse the Owner for Qualified Project Costs and less than twenty-five percent (25%) of all disbursements having been used to pay for the acquisition of land or any interest therein.

(i) The statements made in the various certificates delivered by the Owner to the Issuer on the Closing Date are true and correct.

(j) All of the amounts received by the Owner from the proceeds of the Bonds and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of the Bonds shall be used to pay issuance costs of executing, issuing and delivering the Bonds, within the meaning of Section 147(g) of the Code.

(k) The Owner shall file the annual certification required by Section 142(d)(7) of the Code with the Internal Revenue Service, and shall provide a copy thereof to the Issuer, the Administrator and the Trustee.

(l) No portion of the proceeds of the Bonds or the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Bonds or the Loan shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(m) The Owner will not take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt status of interest on the Bonds (other than with respect to interest on any portion thereof for a period during which such portion is held by a “substantial user” of any facility financed with the proceeds of the Bonds or a “related person,” as such terms are used in Section 147(a) of the Code), 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.

(n) The Owner will take such action or actions as may be necessary, in the written opinion of Tax Counsel to the Issuer, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the United States Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the Tax-Exempt status of interest on the Bonds (other than with respect to interest on any portion of thereof for a period during which such portion is held by a “substantial user” of any facility financed with the proceeds of the Bonds or a “related person,” as such terms are used in Section 147(a) of the Code).

(o) In accordance with Section 147(b) of the Code, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed with proceeds of the Bonds.

(p) The Owner hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Owner contained in the Tax Certificate and Sections 2.2 and 2.3 of the Loan Agreement.

(q) The Owner covenants that neither it nor any related party (as used in Section 1.148-1(b) of the Regulations) shall acquire any of the Bonds so long as the Owner is the obligor on the Bonds.

(r) The Owner agrees to obtain a written report from an independent firm with experience in calculating excess investment earnings for purposes of Section 148(f) of the Code, not less than once on or about each five year anniversary of the Closing Date and within thirty (30) days of the date the Bonds have been paid in full, determining that either (i) no excess investment earnings subject to rebate to the federal government under Section 148(f) of the Code have arisen with respect to the Bonds in the prior five-year period (or, with respect to the final such report following the repayment of the Bonds, have arisen since the last five-year report); or (ii) excess investment earnings have so arisen during the prior five-year period (or, with respect to the final such report following the repayment of the Bonds, have arisen since the last five-year report), and specifying the amount thereof that needs to be rebated to the federal government and the date by which such amount needs to be so rebated. The Owner shall provide a copy of each report prepared in accordance with the preceding sentence to the Issuer, each time within one week of its receipt of the same from the independent firm that prepared the respective report.

(s) The Owner shall provide sufficient funds to pay, on the Closing Date, the Costs of Issuance.

(t) The Owner shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and with all applicable requirements of Section 65863.11 of the California Government Code.

(u) The Owner acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Bonds to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds in order to provide funds to assist the Owner in constructing the Project.

3. Qualified Residential Rental Property. The Owner 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). The Issuer hereby elects to have the Project meet the requirements of Section 142(d)(1)(A) of the Code and the Owner hereby elects and covenants that it shall comply with Section 142(d)(1)(A) of the Code. To that end,

and for the term of this Regulatory Agreement, the Owner hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, developed and constructed for the purpose of providing multifamily residential rental property, including certain facilities related thereto, and the Owner 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 (which may be a countertop cooking range), refrigerator and sink.

(c) None of the residential dwelling units in the Project will at any time be used on a transient basis (e.g., subject to leases that are less than thirty (30) days duration) (including use as a corporate suite), or 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.

(d) Except to the extent the Project has already been subdivided pursuant to and as specified in the Declaration, no part of the Project will at any time be owned as a condominium or by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or uses during the Qualified Project Period. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Bureau of Real Estate, the Owner shall not take any steps in connection with a conversion of the Project to a condominium ownership except with the prior written opinion of Tax Counsel that the interest on the Bonds will not become taxable thereby under Section 103 of the Code during the Qualified Project Period.

(e) All of the residential dwelling units in the Project will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the residential dwelling units in the Project, except to the extent required by (i) this Regulatory Agreement, (ii) any regulatory or restrictive use agreement to which the Project is subject pursuant to Section 42 of the Code, (iii) any additional tenant income and rent restrictions imposed by any other federal, State or local governmental agencies, and (iv) any other legal or contractual requirement not excepted by clauses (i) through (ii) of this paragraph, upon receipt by the Owner, the Trustee and the Issuer of an opinion of Tax Counsel to the effect that compliance with such other requirement will not adversely affect the Tax-Exempt status of interest on the Bonds.

(f) No residential dwelling unit in the Project shall be occupied by the Owner. Notwithstanding the foregoing, if the Project contains five (5) or more residential dwelling

units, this Section shall not be construed to prohibit occupancy of residential dwelling units by one or more resident managers or maintenance personnel any of whom may be the Owner; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of residential dwelling units in the Project.

(g) The Owner shall not discriminate on the basis of race, creed, religion, color, sex, source of income (e.g., TANF, Section 8 or SSI), physical disability (including HIV/AIDS), age, national origin, ancestry, marital or domestic partner status, sexual preference or gender identity in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the construction, operation and management of the Project, except to the extent required hereby.

(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 assignment of the fee interest in the Project in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer from enforcing the requirements of the Regulations, or condemnation or similar event, the Owner covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Loan or, if permitted under the provisions of the Security Instrument and the Indenture, as applicable, the Owner 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 Owner agrees to maintain the Project, or cause the Project to be maintained, during the term of this Regulatory Agreement (i) in a reasonably safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof such that the Project shall be in substantially the same condition at all times as the condition it is in at the time of the completion of the construction of the Project with the proceeds of the Loan, ordinary wear and tear excepted. Notwithstanding the foregoing, the Owner's obligation to repair or rebuild the Project in the event of casualty or condemnation shall be subject to the terms of the Loan Agreement and the Security Instrument.

(j) The Project shall consist of 82 residential dwelling units.

The Issuer hereby elects to have the Project meet the requirements of Section 142(d)(1)(A) of the Code.

4. Restricted Units. Pursuant to the requirements of Section 142(d) of the Code, the Owner hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period:

(i) Not less than twenty percent (20%) of the completed dwelling units in the Project shall be designated as Very Low Income Units (which at all times during the Qualified Project Period shall consist of the 41 residential rental units in the Affordable Rate Condominium) and shall be occupied, or held vacant and available for occupancy, by Very Low Income Tenants. For clarity, none of the

dwelling units in the Market Rate Condominium shall be designated as Very Low Income Units.

(ii) Very Low Income Units shall remain available on a priority basis for occupancy by Very Low Income Tenants. 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 in the Affordable Rate Condominium 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.

(b) Immediately prior to a Very Low Income Tenant's occupancy of a Very Low Income Unit, the Affordable Owner will obtain and maintain on file an Income Certification form from each Very Low Income Tenant occupying a Very Low Income Unit, dated immediately prior to the initial occupancy of such Very Low Income Tenant in the Project. In addition, the Affordable Owner will provide such further information as may be required in the future by the State of California, the Issuer and by 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 United States Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Affordable Owner 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 pay stub for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) conduct a credit report or similar search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification.

Copies of the most recent Income Certifications for Very Low Income Tenants commencing or continuing occupancy of a Very Low Income Unit shall be attached to the reports to be filed with the Administrator pursuant to Section 4(f) hereof.

(c) On or about the date which is one year after the first day of the Qualified Project Period (the "**First Recertification Date**"), and on or about each one year anniversary of the First Recertification Date during the Qualified Project Period, the Affordable Owner 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 applicable 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 a Very Low Income Tenant, and the Affordable Owner will rent the next available unit of comparable or smaller size in the Affordable Rate Condominium to one or more Very Low Income

Tenants, and will not rent any such unit to tenants who are not Very Low Income Tenants. No tenant in the Affordable Rate Condominium shall be denied continued occupancy in the Affordable Rate Condominium because, after occupancy, such tenant's household income increases such that the income for such household will no longer qualify such household as Very Low Income Tenants. An "available" unit is one that is unoccupied by a tenant. The Affordable Owner shall notify any Very Low Income Tenant, of any determination that they no longer qualify as a Very Low Income Tenant, and of any rent increase as a result thereof not less than sixty (60) days prior to any such rent increases.

(d) The Affordable Owner 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, and continuing for so long as is required under the Code, the Annual Certification of a Residential Rental Project (or such other form as required by the Secretary of the Treasury) and shall provide a copy of such certification to the Issuer, the Trustee and the Administrator, if any, so as to comply with Section 142(d)(7) of the Code.

(e) The Affordable Owner will maintain complete and accurate records pertaining to the Very Low Income Units, and will permit (upon reasonable notice and during business hours) any duly authorized representative of the Administrator, the Issuer, the Trustee, the United States Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Affordable Owner pertaining to the Project, including those records pertaining to the occupancy of the Very Low Income Units.

(f) The Affordable Owner will prepare and submit to the Issuer, the Trustee and the Administrator, if any, on or before each anniversary of the Closing Date (or such other date each year as the Issuer or the Administrator shall advise the Affordable Owner in writing) during the Qualified Project Period, a written certificate of compliance, in the form attached as Exhibit C hereto, executed by the Affordable Owner stating (i) the percentage of the dwelling units of the Affordable Rate Condominium which were occupied or deemed occupied, pursuant to subsection (a) hereof, by Very Low Income Tenants during the period since the last Certificate of Continuing Program Compliance (or the date of first occupancy of the Project if it is the first Certificate of Continuing Program Compliance), and (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement or (B) a default has occurred, in which event the certificate shall describe the nature of the default and set forth the measures being taken by the Affordable Owner to remedy such default.

(g) The Affordable Owner shall accept Very Low Income Tenants as tenants on the same basis as all other prospective tenants, including 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 Affordable Owner shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants and the Affordable Owner shall not refuse to rent to any Very Low Income Tenant on the basis of household size as long as such household size does not exceed three persons for a one bedroom unit, five persons for a two bedroom unit, seven persons for a three bedroom unit and nine persons for a four bedroom unit. The Affordable Owner shall not collect any additional fees or payments from a Very Low Income Tenant except security deposits or other deposits required of all tenants. The Affordable Owner shall not collect

security deposits or other deposits from Section 8 certificate or voucher holders in excess of private market practice, or in excess of amounts charged by the Affordable Owner to unassisted tenants. The Affordable Owner shall not discriminate against Very Low Income Tenant applicants on the basis of source of income (e.g., TANF or SSI), and the Affordable Owner 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 a Very Low Income Tenant can show that the same percentage or more of the tenant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Very Low Income Unit to be occupied provided that such Very Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Very Low Income Unit shall contain a provision to the effect that the Affordable Owner has relied on the income certification and supporting information supplied by the Very Low Income Tenant in determining qualification for occupancy of the Very Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease may also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Owner pursuant to Section 4(c) above may at the option of the Affordable Owner disqualify the unit as a Very Low Income Unit or provide grounds for termination of the lease.

5. Additional Requirements of the Issuer. In addition to the requirements set forth above and to the extent not prohibited thereby, the Owner hereby agrees to comply with each of the requirements of the Issuer set forth in this Section 5, as follows:

(a) Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Loan Agreement, throughout the term of this Regulatory Agreement, the Owner shall continue to pay to the Issuer its administrative fee described in the second succeeding sentence, and to the Issuer and to the Trustee 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 Owner agrees to pay to the Issuer (a) on the Closing Date, the Issuer's up-front administrative fee in the amount of $60,000, which amount is equal to 0.250% of the maximum aggregate principal amount of the Bonds ($24,000,000) and (b) commencing on the first anniversary of the Closing Date and continuing on each anniversary of the Closing Date throughout the Qualified Project Period, the annual ongoing Issuer's administrative fee (the "**Ongoing Administrative Fee**"), which amount shall be payable annually in arrears, as follows: (i) prior to the date of conversion to permanent financing (the "**Conversion Date**"), 0.125% per annum of the maximum authorized principal amount of the Bonds as of the Closing Date and (ii) commencing with the first anniversary of the Closing Date occurring after the Conversion Date, and thereafter on each subsequent anniversary of the Closing Date, an amount equal to 0.125% of the outstanding principal amount of the Bonds following any partial repayment of principal of the Bonds on the Conversion Date, provided however, that the Ongoing Administrative Fee will in no event be less than $10,000 and that no further reduction in the Ongoing Administrative Fee shall be made following the Conversion Date. In addition, the Owner agrees to pay, within 30 days after receipt of request for payment thereof, all reasonable out-of-pocket expenses of the Issuer (excluding salaries and wages of Issuer employees) related to the Bonds, the Project and the financing thereof, including, without limitation, legal fees and expenses

incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds.

The fees of the Issuer referenced in this Section shall in no way limit amounts payable by the Owner under Section 7 hereof, or otherwise arising in connection with the Issuer's or Trustee's enforcement of the provisions of this Regulatory Agreement, but the Issuer does agree to compensate any third party Administrator appointed by it from its annual administrative fees for the ordinary duties of the Administrator hereunder. In addition to the foregoing, the Owner shall pay to the Issuer, promptly following a written demand from the Issuer to the Owner therefore, any out-of-pocket expenses of the Issuer incurred in connection with the administration of any of the Mortgage Loan Documents (as defined in the Indenture) or the Loan Agreement.

In the event that the Bonds are prepaid in part or in full prior to the end of the term of this Regulatory Agreement other than (i) by means of refunding bonds issued by the Issuer to refund the Bonds, or (ii) in connection with a foreclosure or deed in lieu of foreclosure, and transfer of title to the Project other than to the Owner or any party related to the Owner; the Issuer's Ongoing Administrative Fee for the remainder of the term of this Regulatory Agreement, at the option of the Issuer, shall be paid by the Owner at the time of the prepayment of the Bonds and shall be a lump sum amount equal to the present value (based on a discount rate equal to the yield on the Bonds, as determined by the Issuer at the time of prepayment) of the Issuer's fee, calculated based on the principal amount of Bonds outstanding immediately preceding such prepayment, for the number of years remaining under this Regulatory Agreement.

*Occupancy Monitoring Fee.* Separately from, and in addition to, the annual Ongoing Administrative Fee, the Owner will pay to the Issuer an annual occupancy monitoring fee (the "**Occupancy Monitoring Fee**") for the greater of: (a) 41 units at an initial amount of $150/unit for a total of $6,150 or (b) the total number of units monitored by the Issuer. The Occupancy Monitoring Fee is subject to annual adjustment set forth in schedules promulgated by the Issuer from time to time. The Owner agrees to pay the Issuer an initial monitoring fee in the amount set forth in schedules promulgated by Issuer from time to time.

Notwithstanding the foregoing provisions of this Section 5, in no event shall the fees payable to the Issuer under this Section 5 exceed any applicable limitation imposed by the Code in respect of bonds issued under Section 148 of the Code.

(b) All tenant lists, applications and waiting lists relating to the Affordable Rate Condominium shall at all times be kept separate and identifiable from any other business of the Affordable Owner and shall be maintained as required by the Administrator, the Issuer or the Trustee, in a reasonable condition for proper audit and subject to examination, upon reasonable notice, during business hours by representatives of the Administrator, the Issuer and the Trustee.

(c) The Owner shall submit to the Administrator within fifteen (15) Business Days (as defined in the Indenture) after receipt of a written request, any information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State.

(d) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(e) The Owner acknowledges that the Issuer may act as Administrator itself or may appoint an Administrator other than the initial Administrator to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. In such event, the Owner shall comply with any request by the Issuer to deliver to any such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Issuer. The fees and charges of the Administrator, if any, shall be the responsibility of the Issuer and not the Owner.

(f) The Very Low Income Units (i) shall have characteristics comparable to all other units in the Project with the same number of bedrooms, including with respect to floor area and amenities, (ii) shall be distributed throughout the Project, and (iii) shall have the same access to Project facilities as all other units in the Project.

(g) In accordance with the Issuer's Policy for Multifamily Mortgage Revenue Bond Program, notwithstanding the termination of the Qualified Project Period or the provisions of Section 2(n) hereof, the rent of "in-place" Very Low Income Tenants at the conclusion of the Qualified Project Period will continue to be governed by the applicable affordability restrictions in this Regulatory Agreement, so long as those tenants continue to live in the Project.

(h) The Owner will comply with the following post issuance compliance procedures of the Issuer:

(i) At the completion of the construction of the Project, the Owner shall provide to the Administrator a certification from the Owner's architect (or other appropriate representative acceptable to the Issuer, such as a HERS Rater, GreenPoint Rater, energy consultant, etc.) for the Project to the effect that the Project includes all design elements that formed the basis for CDLAC adopting the CDLAC Resolution (including but not limited to sustainable building methods and/or energy efficiency elements).

(ii) Subject to the provisions of the next paragraph, the Administrator shall have the right to approve any voluntary change in ownership (A) that results in a transfer of 50% or more of the total equity interests in the Owner, or (B) that results in a transfer of any general partner or managing member interest in the Owner. Such approval to transfer ownership shall be at the reasonable discretion of the Administrator and shall be in addition to any applicable requirements set forth in this Regulatory Agreement, the Loan Agreement or the Security Instrument. The Administrator may review management practices of the proposed transferee's current and previously owned properties, if any. Any proposed transferee (including individuals with an ownership interest) whose currently-owned properties have been found by the Administrator to have deficiencies that have not been resolved within the time frame prescribed by the City, the Issuer, the Administrator or other local government authority, may not assume ownership of the Project. The Administrator may initiate additional inspections, at the proposed transferee's request, to verify findings. The Owner agrees that it will

provide the Administrator with notice of any such transfer within thirty (30) days thereof.

Notwithstanding the foregoing, any of the following shall not require the prior consent of the Issuer or the Administrator: (A) transfers of or in the limited partner interests of the Owner, (B) the removal and replacement of one or more general partners or managing members of the Owner in accordance with the terms of the Partnership Agreement or Operating Agreement, (C) foreclosure (or acceptance of a deed in lieu of foreclosure), or the first transfer of the Project following a foreclosure under the Security Instrument or acceptance of a deed in lieu of such foreclosure, and (D) any transfer referred to in the last sentence of Section 10 of this Regulatory Agreement.

(iii) The Owner shall provide the Administrator's staff with all documentation necessary, in the sole discretion of the Administrator's staff, to confirm the Owner's and the Project's compliance with federal tax laws as set forth in the Tax Certificate, the Loan Agreement and this Regulatory Agreement, including the requirements of Section 5.1 of the Loan Agreement regarding rebate compliance.

Any of the foregoing requirements of the Issuer may be expressly waived by the Issuer in writing, but (i) no waiver by the Issuer of any requirement of this Section 5 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Issuer has received an opinion of Tax Counsel that any such provision is not required by the Act and a Tax Counsel No Adverse Effect Opinion; and (ii) any requirement of this Section 5 shall be void and of no force and effect if the Issuer and the Owner receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other State or federal law.

Nothing contained in this Regulatory Agreement is intended to limit the restrictions, requirements or obligations in the DDA, or any recorded affordability restrictions pursuant thereto or otherwise in connection with the Project, and nothing contained in the DDA (or any such recorded affordability restrictions) is intended to limit the restrictions, requirements or obligations in this Regulatory Agreement. In the event of any conflict between this Regulatory Agreement and the DDA or any recorded affordability restrictions with respect to the Project, the most restrictive shall control.

6. Additional Requirements of State Law. In addition to the requirements set forth in Sections 4 and 5 above, so long as any Bond is outstanding the Owner hereby agrees to comply with each of the requirements of the Act applicable to the Project. Without limiting the foregoing, the Owner agrees as follows:

(a) Not less than 20% of the total number of units in the Project (which at all times during the Qualified Project Period shall be the 41 residential rental units in the Affordable Rate Condominium) shall be available for occupancy by Very Low Income Tenants, in satisfaction of the required set aside, under subsection (c)(1)(A) and (c)(2)(A) of Section 34312.3 of the Act.

(b) The rental payments made by the Very Low Income Tenants occupying units pursuant to this Section 6 (including, with respect to the units in the Project that are

not the subject of a Section 8 project based housing voucher, as an additional requirement of the Issuer, any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units; but excluding such amounts for all other units) shall not exceed 30% of an amount equal to 50% of the Median Income for the Area, adjusted for family size as determined pursuant to Section 8 of the Housing Act, less a reasonable deduction (as determined by the Administrator) for utilities so long as utilities (gas, electric, water and sewer, trash removal) are paid by the tenant. For units reserved for Very Low Income Tenants, the base rents shall be adjusted for household size, and in making such adjustments it shall be assumed that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit and four persons will occupy a three-bedroom unit.

(c) The Affordable Owner shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, and shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(d) The Owner 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, and shall comply with all applicable requirements of Section 65863.11 of the California Government Code.

(e) No tenant residing in a Very Low Income Unit shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Very Low Income Tenants. However, should the Adjusted Income of a tenant residing in a Very Low Income Unit increase to exceed the applicable qualifying limit, the next available unit in the Affordable Rate Condominium must be rented to (or held vacant and available for immediate occupancy by) a Very Low Income Tenant. The former Very Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Very Low Income Tenant, as applicable, for purposes of the requirement of Section 6(a) hereof until the rental of an available unit of comparable or smaller size to a tenant who is not a Very Low Income Tenant. (A Very Low Income Tenant whose Adjusted Income has increased may nevertheless continue to be a Low Income Tenant to the extent such Tenant meets the requirements therefor.)

(f) The Very Low Income Units shall remain occupied by, or shall be made available on a priority basis for occupancy by, Very Low Income Tenants until the Bonds are retired.

(g) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and repayment in full of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units required by Section 6 to be reserved for occupancy by Very Low Income Tenants shall remain available to any eligible household occupying a Very Low Income Unit at the date of expiration or termination, at a rent not greater than the amount required by Section 6(b), prior to the date of termination or expiration, until the earliest of any of the following occur:

(i) The household's income exceeds 140 percent of the maximum eligible income required by Section 6(a) for the Very Low Income Unit.

(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) Thirty (30) years after the commencement of the Qualified Project Period.

(iv) The Owner pays the relocation assistance and benefits to such Very Low Income Tenant, as provided in Section 7264(b) of the Government Code of the State of California.

7. Indemnification. The Owner hereby covenants and agrees that it shall hold harmless, defend and indemnify the Issuer, the Administrator, the City of San Diego and their respective officers, commissioners, directors, officials and employees (individually and collectively, "**Issuer Indemnitee**") from and against all claims, liabilities, obligations, damages, penalties, litigation, costs, charges and expenses (including without limitation reasonable attorneys, accounting, consulting, engineering, and other fees and expenses), imposed on, incurred by or asserted against the Issuer Indemnitee and arising from, resulting from, or in any way connected with or related to (i) any cause whatsoever in connection with the approval by the Issuer of financing for the Project or the making or administration of the Loan (including any audit or investigation by the Internal Revenue Service or the Securities and Exchange Commission related to the Bonds or the Project); (ii) any act or omission of the Owner or any of its agents, servants, employees or licensees, in connection with the Loan or the Project, including any remarketing of the Bonds or other secondary market transaction; (iii) the construction, operation, use, occupancy, maintenance, or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto); (iv) the Trustee's and/or the Issuer's execution of the Indenture, the Loan Agreement or this Regulatory Agreement, or the exercise or performance by Issuer Indemnitee of any powers or duties under the Indenture, the Loan Agreement or this Regulatory Agreement; and (v) the issuance of the Bonds or any certifications or representations of the Owner made in connection therewith and the carrying out of any of the transactions contemplated by the Loan Agreement and this Regulatory Agreement; provided, however, that this provision shall not require the Owner to indemnify the Issuer Indemnitee from any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the Issuer Indemnitee. The indemnity provided in this Section shall include within its scope, without limitation: any and all active or passive negligence on the part of Issuer Indemnitee (other than willful misconduct) or any claims of combined negligence on the part of Issuer Indemnitee and Owner, to the extent Issuer Indemnitee is not prohibited by law from contracting for indemnification against such active, passive or combined negligent conduct; any claims for wrongful death; any vicarious liability imposed upon the Issuer Indemnitee; and any liability imposed by law on the Issuer Indemnitee on a strict liability theory or pursuant to any local, state or federal environmental statute, regulation or law. It is the express intention of the parties that Owner shall indemnify Issuer Indemnitee against any and all such liability hereunder. The exception to the Owner's obligation to indemnify is expressly limited to the Owner's obligation to indemnify the Issuer Indemnitee and does not relieve the Owner of its obligation to

defend the Issuer Indemnitee against such claims whether such claims are made in conjunction with other claims or by themselves.

The Owner also shall pay and discharge and shall indemnify and hold harmless the Issuer Indemnitee from any taxes (including, without limitation, any ad valorem taxes and sales taxes), assessments, impositions, fees and other charges in respect of the Project.

In the event that any action or proceeding is brought against the Issuer Indemnitee with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel selected by the indemnified party and the payment of all expenses related thereto. The Issuer Indemnitee shall have the right to retain separate defense counsel at the sole cost and expense of Owner, upon Issuer Indemnitee's reasonable determination that such separate counsel is necessary to avoid a conflict of interest or to provide Issuer Indemnitee, in Issuer Indemnitee's sole discretion, with an adequate defense to any such action or proceeding.

In addition thereto, the Owner will pay upon demand all of the fees and expenses paid or incurred by any Issuer Indemnitee in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the resignation or removal of the Trustee, the repayment of the Loan and the retirement of the Bonds.

Nothing contained in this Section 7 shall, in itself, cause the obligation of the Owner to pay principal and interest on the Loan or amounts owing with respect to the Loan to be a recourse obligation of the Owner.

The obligations of the Owner under this Section are independent of any other contractual obligation of the Owner to provide indemnity to the Issuer Indemnitee or otherwise, and the obligation of the Owner to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Owner. The Issuer Indemnitee shall be entitled simultaneously to seek indemnity under this Section and any other provision under which any of them is entitled to indemnity.

8. Consideration. The Issuer has issued the Bonds to provide funds to finance the Project, all for the purpose, among others, of inducing the Owner to acquire, construct, equip and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Owner 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.

9. Reliance. The Issuer and the Owner 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 Bonds, and in the Tax-Exempt status of the interest on the Bonds. In performing its duties and obligations hereunder, the Issuer may rely upon statements and certificates of the Affordable Owner and the Very Low Income Tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the Issuer 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 Issuer hereunder in good faith and in conformity with such opinion.

10. Sale or Transfer of the Project. Each Owner intends to hold its respective interest in the Project for its own account, has no current plans to sell, transfer or otherwise dispose of

the Project (except in accordance with terms of the Operating Agreement or Partnership Agreement), and, except as otherwise expressly provided herein, 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 and/or pursuant to the aforementioned option) or interest therein, including any interest in the Owner, without obtaining the prior written consent of the Issuer, which consent shall not be unreasonably withheld, and the President and Chief Executive Officer of the San Diego Housing Commission may give such consent without further action by the Board of Commissioners of the Issuer, and receipt by the Issuer of (i) evidence satisfactory to the Issuer that the Owner's purchaser or transferee has assumed in writing and in full, the Owner's duties and obligations under this Regulatory Agreement and the Owner has complied with any applicable requirements of the Loan Agreement, (ii) an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Owner under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) evidence acceptable to the Issuer that either (A) the purchaser or assignee has experience in the ownership, operation and management of rental housing projects such as the Project without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subparagraph (A) above or (C) if the purchaser or assignee does not have management experience, the Issuer may, in its discretion and at the expense of the Owner, cause the Program Administrator to provide on-site training in program compliance if the Issuer determines such training is necessary, such training to be at the expense of the Owner, (iv) evidence satisfactory to the Issuer that no event of default exists under this Regulatory Agreement, the Loan Agreement, the Indenture or any document related to the Loan, beyond the expiration of any applicable notice and cure period, and payment of all fees and expenses of the Issuer and the Trustee due under any of such documents is current, (v) evidence of satisfaction of compliance with the provisions of Section 30(d)(i) related to notice to CDLAC of transfer of the Project, and (vi) an opinion of Tax Counsel to the effect that such transfer will not, in itself, cause interest on the Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes, except to the extent held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code. 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 Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. Nothing in this Section 10 shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Not less than sixty (60) days prior to consummating any sale, transfer or disposition of any interest in the Project, the Owner shall deliver to the Issuer a notice in writing explaining the nature of the proposed transfer. Notwithstanding the foregoing, the provisions of this Section 10 shall not apply to the transfer of all or any portion of (a) the limited partner interest of the Equity Investor in the Owner (which is instead subject to paragraph (h)(ii) of Section 5), (b) the managing member's interest in the Owner to an affiliate of the managing member, (c) the co-general partner's interest in the Owner to an affiliate of the co-general partner or (d) the Project by foreclosure, exercise of power of sale, or transfer of title by deed in lieu of foreclosure, in each case to the Trustee or an Affiliate thereof.

11. Term. Subject to the following paragraph of this Section 11, Section 7 hereof and to any other provision expressly agreed herein to survive the termination of this Regulatory Agreement, this Regulatory Agreement and all of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect for such longer period as is

provided in Sections 6(g) and 7 above, and in the CDLAC Resolution, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan .

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement, except for the provisions of Section 7 hereof, shall terminate and be of no further force and effect in the event of (i) involuntary noncompliance 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 Issuer from enforcing such provisions, or (ii) foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure, transfer of title by assignment in lieu of foreclosure of the fee interest in the Project, or condemnation or a similar event, but only if, in case of the events described in either clause (i) or (ii) above, within a reasonable period, either the Bonds are paid in full or canceled or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; 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, exercise of power of sale, or the delivery of a deed in lieu of foreclosure, transfer of title by assignment in lieu of foreclosure of the fee interest in the Project or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner shall provide written notice to the Issuer of any termination of this Regulatory Agreement pursuant to clauses (i) or (ii) above. The Owner hereby agrees that, following any foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. 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 upon agreement by the Issuer and the Owner subject to compliance with any of the provisions contained in this Regulatory Agreement, including the consent of CDLAC with respect to any agreement to terminate the entire Regulatory Agreement or any of the CDLAC Conditions, only if there shall have been received by the Issuer an opinion of Tax Counsel that such termination will not adversely affect the Tax-Exempt status of the interest on the Bonds or the exemption from State personal income taxation of the interest on the Bonds.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments 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.

12. Owners' Cooperation; Joint and Several Liability. Each Owner agrees to cooperate with the other Owner in connection with each Owner's performance of its obligations hereunder and to perform such actions with respect to the Affordable Rate Condominium as may be reasonably necessary to allow each Owner to perform its obligations under this Regulatory Agreement and to refrain from taking any such actions that would cause the other Owner to be unable to comply herewith. Except to the extent specifically provided hereunder to the contrary, the Affordable Owner and the Market Rate Owner agree and acknowledge that they shall each be jointly and severally liable hereunder.

13. Covenants to Run With the Land. The Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer and

the Owner 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 Owner'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. No breach of any of the provisions of this Regulatory Agreement shall defeat or render invalid the lien of a mortgage made in good faith and for value encumbering the Site or any interest therein.

14. Burden and Benefit. The Issuer and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Issuer and the Owner 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, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were executed, issued and delivered.

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 Site.

16. Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days (the "**Cure Period**") after written notice thereof shall have been given by the Issuer to the Owner (and a copy of such notice shall also be given to the Trustee, provided however that the failure of the Issuer to provide such copy to the Trustee shall have no effect on the sufficiency of the notice to the Owner), the Issuer may, at its sole option, extend the Cure Period if the default is of the nature which would reasonably require more than sixty (60) days to cure and if the Owner provides the Issuer, if requested by the Issuer, with an opinion of Tax Counsel to the effect that such extension will not adversely affect the Tax-Exempt status of interest on the Bonds. Upon the expiration of such Cure Period, as the same may be extended as aforesaid, then the Issuer may declare an "event of default" to have occurred hereunder, and, subject to the provisions of the Indenture, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, require the Owner 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 Issuer hereunder; or

(b) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project; or

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the occurrence of an event of default under this Regulatory Agreement shall not be deemed, under any circumstances whatsoever, to be a default under the Security Instrument or the Loan

Agreement, except as may be otherwise specified in the Security Instrument or the Loan Agreement, respectively.

Notwithstanding anything contained in this Regulatory Agreement, any member or limited partner of either the Market Rate Owner or the Affordable Owner shall have the right but not the obligation to cure any Event of Default, and the Issuer and the Trustee agree to accept any cure tendered by any such limited partner on behalf of the Owner within any Cure Period specified above.

The Owner hereby agrees that specific enforcement of the Owner's agreements contained herein is the only means by which the Issuer may fully obtain the benefits of such agreements made by the Owner herein, and the Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Owner hereunder.

The Trustee shall have the right (but no obligation), in accordance with this Section 16 and the provisions of the Indenture, without the consent or approval of the Issuer, to exercise any or all of the rights or remedies of the Issuer hereunder; provided that prior to taking any such act the Trustee shall give the Issuer written notice of its intended action. All reasonable fees, costs and expenses of the Trustee or the Issuer incurred in taking any action pursuant to this Section 16 shall be the sole responsibility of the Owner.

After the Indenture has been discharged, or if the Trustee fails to act under this Section 16, the Issuer 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 Trustee.

Notwithstanding anything to the contrary contained herein, the Trustee and the Issuer hereby agree that any cure of any default made or tendered by one or more of Owner's limited partners shall be deemed to be a cure by Owner and shall be accepted or rejected on the same basis as if made or tendered by Owner.

17. Tax Status of the Bonds; Opinions of Tax Counsel. The Owner and the Issuer 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 Tax-Exempt status of the Bonds 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 Tax Counsel filed with the Issuer, the Trustee and the Owner, 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 Tax-Exempt status of the Bonds; and

(c) it will file of record such documents and take such other steps as are necessary, in the written opinion of Tax Counsel filed with the Issuer, the Trustee and the Owner, in order to ensure 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.

The Owner hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any document transferring any interest in the Project to another person (other than in tenant leases or any document granting a security interest to the Trustee and, provided, however, that no such assignment shall be required in connection with the transfer of the Project to the Trustee or to the Bondowners by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan) to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Notwithstanding any other provision of this Regulatory Agreement, whenever an opinion of Tax Counsel is required or requested to be delivered hereunder after the Closing Date, the Trustee, the Issuer and the Owner shall accept (unless otherwise directed in writing by the Issuer) an opinion of Tax Counsel in such form and with such disclaimers as may be required so that such opinion will not be treated as a "covered opinion" for purposes of the Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

18. Modification of Special Tax Covenants. The Owner and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Issuer, the Trustee and the Owner, 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 Tax-Exempt status of the Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) The Owner and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 18, and each of the Owner and the Issuer hereby appoints the Trustee as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Owner or the Issuer, as is applicable, any such document or instrument (in such form as may be approved in writing by Tax Counsel) if either the Owner or the Issuer defaults in the performance of its obligations under this subsection (b); provided, however, that the Trustee shall take no action under this subsection (b) without first notifying the Owner or the Issuer, or both of them, as is applicable, unless directed in writing by the Issuer or the Owner and without first providing the Owner or the Issuer, or both, as is applicable, an opportunity to comply with the requirements of this Section 18.

19. Recording and Filing. The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed, prior to the recording of the Security Instrument and the disbursement of the Loan, in the real property records of the County and in such other places as the Issuer may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

20. Payment of Fees. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of any of the Loan Documents, the Owner shall continue to pay the Issuer's Ongoing Administrative Fee and Occupancy Monitoring Fee as calculated and described in Section 5(a) hereof. Upon the occurrence of an event of default hereunder, the Owner shall continue to pay to the Issuer compensation for any services rendered by the Issuer hereunder and reimbursement for all expenses incurred by it in connection therewith.

In case any action at law or in equity, including an action for declaratory relief, is brought against the Owner to enforce the provisions of this Regulatory Agreement, the Owner agrees to pay reasonable attorney's fees and other reasonable expenses incurred by the Issuer, CDLAC, the Trustee, and/or the Administrator in connection with such action should such entities be the prevailing party in such action.

21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

22. Amendments. To the extent any amendments to the Act, the Treasury Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Issuer, the Trustee and the Owner, 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 Tax-Exempt status of interest on the Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements. Otherwise, this Regulatory Agreement shall be amended only 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, provided that any amendment to the CDLAC Requirements shall also be subject to the consent of CDLAC, and provided further, that any amendment to Sections 3 and 4 hereof shall require an opinion of Tax Counsel filed with the Issuer, the Trustee, the Lender, the Owner and the Trustee, to the effect that such amendment will not adversely affect the Tax-Exempt status of interest on the Bonds.

23. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or the business day after deposit with a reputable overnight carrier for overnight delivery, or on the second day following the date on which the same have been mailed by first class mail, postage prepaid, addressed as follows:

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| If to the Issuer: | Housing Authority of the City of San Diego<br>1122 Broadway, Suite 300<br>San Diego, California 92101<br>Attention: Executive Director<br>Phone: (619) 578-7575 |
| If to the Owners: | 220 W Broadway Development Partners, L.P.<br>5000 East Spring Street, Suite 500<br>Long Beach, California 90815<br>Attention: Tom Warren<br>Phone: (206) 465-4569<br><br>Affordable Housing Access, Inc.<br>3920 Birch Street, Suite 103<br>Newport Beach, California 92660<br>Attention: William Hirsh |

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| | Phone: (949) 253-3120 |
| With copies to (which shall not constitute notice to Owners): | Oregon Law Group PC<br>1675 SW Marlow Avenue, Suite 404<br>Portland, Oregon 97225<br>Attention: Joel Kaplan, Esq.<br>Phone: (971) 285-4620<br><br>Chernove & Associates, Inc.<br>16027 Ventura Boulevard, Suite 660<br>Encino, California 91436<br>Attention: Sheldon Chernove, Esq.<br>Phone: (818) 377-8102 |
| If to the Trustee: | U.S. Bank National Association<br>Global Corporate Trust Services<br>633 West Fifth Street, 24th Floor<br>Los Angeles, CA 90071<br>Attention: Julia Hommel<br>Phone: (213) 615-6024 |
| If to CDLAC | California Debt Limit Allocation Committee<br>915 Capitol Mall, Room 311<br>Sacramento, California 95814<br>Attention: Executive Director |

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.

The Owner shall notify CDLAC in writing of any event provided in Section 30(d) hereof.

24. 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.

25. 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.

26. Third-Party Beneficiaries. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are entered into for the benefit of various parties, including CDLAC. CDLAC shall accordingly have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, in accordance with Section 16 hereof, the terms hereof and the terms of the CDLAC Resolution. CDLAC is intended to be and shall be a third-party beneficiary of this Regulatory Agreement. Notwithstanding the above, CDLAC shall be entitled solely to enforce the terms of the CDLAC Resolution, and any enforcement of the terms and provisions of the CDLAC Resolution by CDLAC shall not adversely affect the interests of the Trustee, and shall otherwise be subject to the terms, conditions and limitations otherwise applicable to the enforcement of remedies under this Regulatory Agreement.

27. Limitation on Owner Liability. Notwithstanding any other provision or obligation to the contrary contained in this Regulatory Agreement, and except for the Owner's obligations under Section 7 of this Regulatory Agreement (which are not subject to the provisions and limitations of this Section 27) (i) the liability of the Owner under this Regulatory Agreement to any person or entity, including, but not limited to, the Trustee or the Issuer and their successors and assigns, is limited to the Owner's interest in the Project, the revenues therefrom, including the amount held in the funds and accounts created under the Indenture and the Loan Documents (as defined in the Indenture), or any rights of the Owner under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Owner under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to any Project or any other agreement securing the Owner's obligations under this Regulatory Agreement), shall be rendered against the Owner, the assets of the Owner (other than the Owner's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Indenture and the Loan Documents (as defined in the Indenture), any rights of the Owner under the Indenture and the Loan Documents (as defined in the Loan Agreement) or any other documents relating to the Bonds or any rights of the Owner under any guarantees relating to the Project), its partners, successors, transferees or assigns and each their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Loan Agreement or any agreement securing the obligations of the Owner under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

28. Conflict with Other Affordability Agreements. In the event of any conflict between the provisions of this Regulatory Agreement and any other affordability agreements with respect to the Project, the provisions providing for the most affordable units, with the most affordability, in the Affordable Rate Condominium shall prevail, so long as at all times the requirements of Section 2 through 6 of this Regulatory Agreement are in any event satisfied. Notwithstanding the foregoing, a breach or default under any of such affordability agreements shall not, in itself, constitute a breach or a default under this Regulatory Agreement.

29. The Trustee. The Trustee shall act as specifically provided herein and no implied duties or obligations shall be read into this Regulatory Agreement against the Trustee, except to the extent as provided in the Indenture. The Trustee shall have no duty to act with respect to enforcement of the Owner's performance hereunder. The Trustee shall be protected by the provisions in the Indenture.

No provision of this Regulatory Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance 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 reasonably assured to it.

After the date on which no Bonds remain Outstanding, as provided tin the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

30. CDLAC Requirements. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the Owner hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 30, as follows:

(a) The Owner shall comply with the CDLAC Resolution, which is attached hereto as Exhibit D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the "**CDLAC Conditions**"), which conditions are incorporated herein by reference and made a part hereof. The Owner will prepare and submit to the Issuer:

(i) not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form required or otherwise provided by CDLAC from time to time ("**CDLAC Compliance Certificate**"), executed by an authorized representative of the Owner; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Owner certifying among other things to the substantial completion of the Project; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Owner.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Owner to report to the Issuer.

(b) The Owner acknowledges that the Issuer shall monitor the Owner's compliance with the terms of the CDLAC Conditions. The Owner acknowledges that the Issuer will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Owner will cooperate fully with the Issuer in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Owner shall notify CDLAC in writing of: (i) any change in ownership of the Project; (ii) any change in the issuer of the Bonds; (iii) any change in the name of the Project or the property manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Bonds, and the income and rental requirements as provided in Sections 4 and 5 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Owner after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of a regulatory agreement between Owner and the California Tax Credit Allocation Committee ("**TCAC Regulatory Agreement**") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Owner or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Owner and approved by CDLAC. The Issuer may, in its sole and absolute discretion, require the Owner to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County. The Owner shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 30 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 30 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Issuer has received an opinion of Tax Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 30 shall be void and of no force and effect if the Issuer and the Owner receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

31. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2022), the Owner, on behalf of the Issuer, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Issuer, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding or (ii) the proceeds of the Bonds have been fully spent.

[balance of page left blank intentionally]

IN WITNESS WHEREOF, the Issuer, the Owner and the Trustee have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By:_____
Richard C. Gentry
Executive Director

[Signatures continue on following page.]

Owner:

Affordable Owner:

**220 W Broadway Development Partners, L.P.,**
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Affordable Housing Access, Inc.,
A California nonprofit public benefit corporation,
its Manager

By: _____
Name: _____
Title: _____

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

Market Rate Owner:

**220 W Broadway Market Rate 2, LLC,**
a Delaware limited liability company

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

Trustee:

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

By: _____
Authorized Signatory

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE SITE**

**[TO COME]**

**EXHIBIT B**

**FORM OF INCOME CERTIFICATION FORM**

**A current version of the CTCAC form may be downloaded from the State Treasurer's website at the following link: http://www.treasurer.ca.gov/ctcac/compliance/tic.pdf**

**EXHIBIT C**

**FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this __ day of _____, 20__, the undersigned, having borrowed certain funds from the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO (the "Issuer") for the purpose of financing a multifamily rental housing development (the "Project"), does hereby certify that:

A. During the preceding year (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Issuer, (ii) ___% of the units in the Project were at all times Very Low Income Units (minimum of 20%).

B. Set forth below is certain information regarding occupancy of the Project as of the date hereof.

1. Total Units:_____

2. Total Units Occupied:_____

3. Total Units Held Vacant
and Available for Rent to Very Low Income Tenants_____

4. Total Very Low Income Units Occupied:_____

5. % of Very Low Income Units to Total Units _____%

*(equals the Total of Lines 3 and 4, divided by the lesser of Line 1 or Line 2)*

C. Set forth below are the names of Very Low Income Tenants who commenced or terminated occupancy during the preceding year.

| Commenced Occupancy | Terminated Occupancy |
|---|---|
| 1. | 1. |
| 2. | 2. |
| 3. | 3. |

D. Set forth below is the unit number and name of the head of household of each unit that was a Very Low Income Unit as of the beginning of the previous year, but has ceased to be a Very Low Income Unit because (a) the gross income of the tenants of such unit, as of the most recent determination thereof, exceeds one hundred forty percent (140%) of the applicable income limit for a Very Low Income Tenant, adjusted for family size, or (b) all the individuals in such unit are currently students (as defined under Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code:

| Unit Number | Name (Head of Household) |
|---|---|
| 1. | 1. |
| 2. | 2. |
| 3. | 3. |

E. The Very Low Income Units are of similar size and quality to other units and are dispersed throughout the Project.

F. *Select appropriate certification:* [No unremedied default has occurred under this Regulatory Agreement, the Loan Agreement or the Security Instrument.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

G. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Date: _____

Owner:

Affordable Owner:

**220 W Broadway Development Partners, L.P.,**
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Affordable Housing Access, Inc.,
A California nonprofit public benefit corporation,
its Manager

By: _____
Name: _____
Title: _____

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

[Owner Signature Page 1 of 2: Regulatory Agreement – Courthouse Commons]

Market Rate Owner:

**220 W Broadway Market Rate 2, LLC,**
a Delaware limited liability company

By: SDCC South Block, LLC,
a Delaware limited liability company,
its sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

**EXHIBIT D**

**CDLAC RESOLUTION**

# INDENTURE OF TRUST

Between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of _____ 1, 2020

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
Variable Rate Demand Multifamily Housing Revenue Bonds
(Courthouse Commons), Series 2020 F – $24,000,000

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# INDENTURE OF TRUST

THIS INDENTURE OF TRUST (the "Indenture"), is made and entered into as of _____ 1, 2020, by and between the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), and U.S. BANK NATIONAL ASSOCIATION as Trustee, a national association duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America (together with any successor trustee and any separate or co-trustee serving as such pursuant to this Indenture, the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer is authorized by the Constitution and laws of the State of California, particularly Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act"), to assist in the financing of multifamily rental housing for families and individuals of low income in the State of California; and

WHEREAS, the Act authorizes the Issuer: (a) to issue its revenue bonds and to pay all incidental expenses incurred in connection with the issuance of such bonds; (b) to use bond proceeds to make mortgage loans used to finance multifamily housing projects; (c) to enter into agreements for the purpose of providing revenue to pay the bonds authorized to be issued under the Act upon such terms and conditions as the Issuer deems advisable; and (d) to secure the payment of the principal of, premium, if any, and interest on such bonds as provided in the Act; and

WHEREAS, the Issuer wishes to make a mortgage loan (the "Mortgage Loan") to 220 W Broadway Market Rate 2, LLC and 220 W Broadway Development Partners, L.P. (each individually a Borrower, and jointly and severally, the "Borrowers"), to finance the acquisition and construction of a multifamily housing facility in the City of San Diego (the "Project"), all as more fully described in Exhibit A to the Loan Agreement, as hereinafter defined; and

WHEREAS, the Project will include the Market Rate Condominium (as defined below) which will be owned by the Market Rate Borrower (also defined below) and will include 41 residential units that will be rented at market rates, and the Affordable Rate Condominium (as defined below) which will be owned by the Affordable Borrower (also defined below) and will include 41 residential units to be rented to qualified tenants at affordable rental rates more specifically set forth in the Regulatory Agreement (as defined below); and

WHEREAS, to finance the Mortgage Loan, the Issuer has determined to issue, sell and deliver its the Housing Authority of the City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons), Series 2020 F, in the principal amount of $24,000,000 (the "Bonds"); and

WHEREAS, to evidence the Mortgage Loan, the Issuer, the Borrowers and the Trustee have executed and delivered a Loan Agreement, dated as of _____ 1, 2020 (the "Loan Agreement"); and

WHEREAS, the Borrowers have caused to be delivered to the Trustee for the benefit of the Bondowners a letter of credit (the "Initial Letter of Credit") issued by Mizuho Bank, acting through its New York branch ("Initial Letter of Credit Bank"); and

WHEREAS, the Issuer, the Borrowers and the Trustee have executed and delivered a Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), pursuant to which the Borrowers have agreed to use and operate the Project in accordance with the requirements of the Code and the Issuer; and

WHEREAS, the execution and delivery of this Indenture and the issuance, execution and delivery of the Bonds have been in all respects duly and validly authorized by the Issuer; and

WHEREAS, the Bonds and the Trustee's certificate of authentication endorsed thereon shall be in substantially the form presented in Exhibit A hereto, with such necessary and appropriate variations, omissions and insertions as are permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Bonds, when executed by the Issuer and when authenticated and delivered by the Trustee, duly issued, valid and binding, special, limited obligations of the Issuer, and all other acts and things necessary to constitute this Indenture a valid, binding and legal instrument for the security of the Bonds have been done and performed;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the purchasers thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the payment of the principal of, premium, if any, purchase price and interest on all Bonds outstanding hereunder from time to time, according to their tenor and effect, to secure the joint and several obligations of the Borrowers to the Bank including without limitation, all obligations of the Borrowers to the Bank (and any other parties thereto) under the Reimbursement Agreement (as defined below) and all Loan Documents (as defined in the Reimbursement Agreement), and to secure the observance and performance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby pledge and assign unto the Trustee, and unto its successors and assigns forever and does hereby grant to it and them all of its right, title and interest in, to and under:

GRANTING CLAUSE FIRST

The Mortgage Loan and the Mortgage Loan Documents (each as hereinafter defined), including all extensions and renewals of the terms thereof, if any, except the Issuer's rights retained under any of said documents (including but not limited to fees, indemnifications, reimbursements, notice, and provisions regarding transfer of the Project), including but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the Revenues (as hereinafter defined), whether payable under the above referenced documents, or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things that the Issuer or any other person on behalf of the Issuer is or may become entitled to do under the Mortgage Loan and the above-referenced documents;

GRANTING CLAUSE SECOND

All Revenues that may from time to time hereafter be conveyed, assigned, hypothecated, endorsed, pledged, mortgaged, granted or delivered to the Trustee, or held by the Trustee in any

Fund or Account (each as hereinafter defined) established pursuant to the terms of this Indenture, together with investment earnings thereon, but excluding (a) money held by the Trustee in the Cost of Issuance Fund and the Rebate Fund (each as hereinafter defined) and (b) money collected pursuant to reimbursement or indemnification of the Issuer or the Trustee; and

GRANTING CLAUSE THIRD

Any and all other property of any name and nature from time to time hereafter by delivery or by writing of any kind pledged or assigned as and for additional security hereunder, by the Issuer or by anyone on its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate (as hereinafter defined), whether now owned or hereafter acquired, unto the Trustee and its respective successors in said trusts and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners (as hereinafter defined) of the Bonds, from time to time issued under and secured by this Indenture, without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds except as described herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Debt Service Fund as required hereunder or shall provide, as permitted by Article XII hereof, for the payment thereof, shall have received confirmation from the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) that the Letter of Credit has terminated and shall have remitted to the Bank all amounts, rights and interests in the Trust Estate as shall be owed to it, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease, determine and be void, otherwise this Indenture is to be and remain in full force and effect.

Subject to the provisions of this Indenture, the Trustee hereby acknowledges, approves, accepts and agrees to the terms, conditions, appointments and agencies of the Loan Agreement, the Deed of Trust and the Regulatory Agreement as they relate to it and its participation in the transactions contemplated thereby.

THIS INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and the Revenues hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Registered Owners (as hereinafter defined) from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS; INTERPRETATION;
INDENTURE TO CONSTITUTE CONTRACT

Section 101. Definitions.

(a) For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) This "Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

(2) All references in this Indenture to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Indenture. The words "herein," "hereof," "hereto," "hereby" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(3) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in effect from time to time.

(5) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," or similar action hereunder by the Issuer must, unless the form thereof is specifically provided, be in writing signed by a duly authorized officer or agent of the Issuer.

(6) A reference to any gender is deemed to include another gender, if appropriate.

(b) For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Account" means any one or more of the separate special trust accounts created by Article III, and includes any subaccount or subaccounts included in such account.

"Act" has the meaning given to it in the recitals hereto.

"Act of Bankruptcy of Bank" means written notice to the Trustee from the Issuer, the Remarketing Agent, the Borrowers or the Bank that the Bank has been closed by reason of its inability to pay its depositors or has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented in writing to or has petitioned or applied in writing to any authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Bank; provided, that no Act of Bankruptcy of

Bank shall have occurred in the event and so long as the obligations of the Bank under the Letter of Credit have been and continue to be assumed by another institution appointed by a regulatory agency having appropriate jurisdiction; provided however, that for purposes of this definition, with respect to the Initial Letter of Credit, Bank shall refer to the Initial Letter of Credit Bank.

"Administrative Agent" means Mizuho Bank, Ltd., acting through its New York Branch, as administrative agent under the Reimbursement Agreement, and its successors and assigns in such capacity.

"Affordable Borrower" means 220 W Broadway Development Partners, L.P., a Delaware limited partnership registered in California and its successors and assigns.

"Affordable Rate Condominium," has the meaning given to the term "Affordable Rate Unit" in the Declaration, which includes 41 residential rental units that will be rented to qualified tenants at affordable rental rates as more specifically set forth in the Regulatory Agreement.

"Alternate Credit Facility" means a Credit Facility other than the Letter of Credit.

"Alternate Rate" means the Fixed Rate, Weekly Rate or Daily Rate other than the interest rate on the Bonds then in effect.

"Authorized Denomination" means with respect to the Bonds prior to the Fixed Rate Conversion Date, $100,000 or any integral multiple of $5,000 in excess of $100,000 within a single maturity and, with respect to the Bonds after the Fixed Rate Conversion Date, $5,000 or any integral multiple thereof within a single maturity.

"Bank" means (i) while the Initial Letter of Credit is in effect, the Administrative Agent, or (ii) upon the issuance of a Substitute Letter of Credit, the issuer of a Substitute Letter of Credit.

"Bank Bonds" or "Pledged Bonds" means Bonds owned by the Bank as a result of a liquidity draw on the Letter of Credit.

"Beneficial Owner" means the beneficial owner of all or a portion of the Bonds while the Bonds are in book-entry form.

"Bond" or "Bonds" means any one or more of the Issuer's Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons), Series 2020 F, authorized to be issued under this Indenture in the aggregate principal amount of $24,000,000, and includes Bank Bonds, unless the context indicates otherwise.

"Bond Closing" or "Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the initial purchasers thereof, which shall also be the initial Draw Down Date.

"Bond Counsel" means Jones Hall, A Professional Law Corporation or an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, who is or are selected by the Issuer and is or are duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated _____, 2020, by and among the Underwriter, the Issuer and the Borrowers.

"Bond Register" means the registration books required to be maintained pursuant to Section 203.

"Bond Registrar" means the party so appointed pursuant to Section 203.

"Bond Year" means, with respect to an issue of Bonds, each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrowers. The first and last Bond Years may be short periods. If no day is selected by Borrowers before the earlier of the final maturity of an issue of Bonds or the date that is five years after the date of delivery of such issue of Bonds, each Bond Year ends on each anniversary of the closing date for such issue of Bonds and on the final maturity of such issue of Bonds.

"Bondowner" means the Registered Owner of any Bond.

"Borrower" and "Borrowers" means, individually or collectively, as applicable, 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company registered in California and its permitted successors and assigns, and 220 W Broadway Development Partners, L.P., a Delaware limited partnership registered in California and its permitted successors and assigns.

"Borrower Controlling Entity" shall mean with respect to a Borrower, if such Borrower is a partnership, any general partner or managing partner of the Borrower, or if such Borrower is a limited liability company, the manager or managing member of the Borrower, or if such Borrower is a not-for-profit corporation, the shareholders thereof.

"Borrowers Representative" shall mean a person or persons at the time designated and authorized to act on behalf of a Borrower by a written certificate furnished to the Issuer and Trustee and containing the specimen signature of such person and signed on behalf of such Borrower by its Borrower Controlling Entity, which certificate may designate one or more alternates.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in New York, New York, are authorized or obligated by law or executive order to close, (iii) a day on which commercial banks in the city or cities in which are located the Principal Office of the Trustee and the principal office of the Bank in the United States at which demands for payment hereunder are to be presented are authorized or required by law or executive order to close, (iv) a day on which The New York Stock Exchange is closed, or (v) a day on which the Bank is closed.

"Code" means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or Internal Revenue Service, to the extent applicable to the Bonds. All references herein to sections, paragraphs or other subdivisions of the Code or the regulations promulgated thereunder shall be deemed to be references to correlative provisions of any predecessor or successor code or regulations promulgated thereunder.

"Completion Date" means _____, 20__.

"Construction Management Agreement" means that certain Construction Management Agreement, dated as of July 22, 2019, by and among NASH-Holland SDCC Investors, LLC, a Delaware limited liability company as the owner thereunder, and Holland Construction Management, LLC, a Washington limited liability company, as the construction manager thereunder.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of the date of this Indenture, by and between the Borrowers and U.S. Bank National Association, in its capacity as dissemination agent.

"Conversion" means establishment of the interest rate on the Bonds at a Daily Rate, Weekly Rate or the Fixed Rate pursuant to Section 202.

"Conversion Date" means the effective date of the change in the interest rate borne by the Bonds to a Daily Rate, Weekly Rate or the Fixed Rate, as established pursuant to Section 202.

"Cost of Issuance Fund" means such Fund created by Section 302.

"Counsel" means an attorney at law or a firm of attorneys (who may be an employee of or counsel to the Issuer or the Borrowers or the Trustee) duly admitted to the practice of law before the highest court of any state of the United States of America or of the District of Columbia.

"Coverage Amount" means the principal amount of Outstanding Bonds plus: (i) 45 days of interest (computed as set forth in the Letter of Credit) at the Maximum Interest Rate on the Outstanding Bonds (excluding Bank Bonds) prior to the Fixed Rate Conversion Date; or (ii) 187 days of interest at the rate of interest on the Outstanding Bonds after the Fixed Rate Conversion Date, or such lesser or greater amount permitted or required by the Rating Agency to obtain or maintain a rating on the Bonds.

"Credit Facility" means the Letter of Credit or any other instrument such as a policy of bond insurance or guaranty, surety bond or other agreement that provides security for the payment of the principal of and interest on the Bonds when the same become due and the Purchase Price of tendered Bonds while at a Variable Rate.

"Daily Rate" means the interest rate on the Bonds as determined by the Remarketing Agent pursuant to Section 202(e)(i), which will be borne by the Bonds upon a Daily Rate Conversion Date and will be in effect until a Weekly Rate Conversion Date or Fixed Rate Conversion Date.

"Daily Rate Bond" means any Bond during the period the Bonds bear interest at a Daily Rate.

"Daily Rate Conversion Date" means the effective date of a change in the interest rate borne by the Bonds from a Weekly Rate to a Daily Rate.

"Daily Rate Determination Date" means the date for setting the Daily Rate in accordance with Section 202(e)(i).

"Daily Rate Period" means any period during which the Bonds bear interest at a Daily Rate.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation.

"Debt Service Fund" means such Fund created by Section 302.

"Declaration" means the Master Declaration of Covenants, Conditions and Restrictions and Establishment of Easements for Courthouse Commons, which has been recorded in the official public records of the Office of the Recorder for San Diego County with respect to the Project.

"Deed of Trust" means the Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing executed by the Borrowers, as grantors for the benefit of the Trustee as beneficiary and secured party, to secure the Borrowers' obligations to the Trustee under the Loan Agreement.

"Default" or "Event of Default" means an occurrence or event specified in and defined by Section 801.

"Demand Date" means the Business Day on which any Bond is required to be purchased pursuant to optional or mandatory tender provisions hereof.

"Determination Date" means the Daily Rate Determination Date, Weekly Rate Determination Date or the Fixed Rate Determination Date, as appropriate.

"Determination of Taxability" means written notice from the Issuer to the Trustee and the Remarketing Agent of (i) failure to make any amendment to the Indenture, the Loan Agreement, Regulatory Agreement or the Tax Certificate or to take any other action that, in the written opinion of Bond Counsel, is necessary to preserve the exclusion for purpose of federal income taxation from gross income of interest on any Bond, (ii) a Final (as defined below) judgment or order of a court of competent jurisdiction, or a Final ruling or decision of the Internal Revenue Service, in either case to the effect that the interest on any Bond is includable for federal income tax purposes in the gross incomes of the recipients thereof or (iii) the enactment of Federal legislation that has been signed by the President of the United States and has become law, and that, in the written opinion of Bond Counsel, would cause the interest on the Bonds to be includable for federal income tax purposes in the gross incomes of the recipients thereof. For purposes of this definition, the term "Final" shall refer to a judgment or order of a court of competent jurisdiction or a ruling or decision of the Internal Revenue Service from which no appeal or action for judicial review has been filed (and is pending) and the time for filing such appeal or action has expired.

"Determination of Unenforceability" means written notice to the Trustee from the Issuer, Remarketing Agent, Borrower or Bank of a Final judgment or order to the effect that the Letter of Credit or Alternate Credit Facility is unenforceable or any payment thereunder is to be withheld, enjoined, restricted, restrained or prohibited other than by reason of any action taken by the Borrowers. For purposes of this definition, the term "Final" shall refer to a judgment or order of a court of competent jurisdiction from which no appeal or action for judicial review has been filed (and is pending) and the time for such appeal or action has expired.

“Draw Down Date” means each date on which a principal amount of the Bonds will be drawn down in accordance with the provisions of this Indenture, which must be the date of Bond Closing or an Interest Payment Date.

“Draw Request” has the meaning given to it in the Loan Agreement.

“DTC” means The Depository Trust Company, New York, New York.

“Executive Director of the Issuer” means the President and Chief Executive Officer of the San Diego Housing Commission, in his capacity as the chief executive officer of the Issuer.

“Fixed Rate” means the interest rate per annum borne by the Bonds from and after the Fixed Rate Conversion Date, determined by the Remarketing Agent in accordance with Section 202(g).

“Fixed Rate Bond” means any Bond during the period the Bonds bear interest at a Fixed Rate.

“Fixed Rate Conversion Date” means the effective date of a change in the interest rate borne by the Bonds to the Fixed Rate from a Daily Rate or a Weekly Rate.

“Fixed Rate Determination Date” means the date selected by the Remarketing Agent for setting the Fixed Rate on the Bonds, which shall be a day no later than the twentieth calendar day preceding the Fixed Rate Conversion Date.

“Fixed Rate Period” means the period beginning on the Fixed Rate Conversion Date and ending on the maturity date of the Bonds.

“Fund” means any one or more of the separate special trust funds created by Article III.

“Government Obligations” means noncallable, direct, general obligations of the United States of America (including the obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or any obligations unconditionally guaranteed as to the full and timely payment of principal and interest by the full faith and credit of the United States of America, but shall not include unit investment trusts or mutual funds invested in Government Obligations unless such trusts or funds are rated AAAm or AAAm-G by the Rating Agency. U.S. Treasury STRIPS and REFCORP STRIPS (by the Federal Reserve Bank of New York) are Government Obligations only with respect to such interest payments.

“Indenture Act” means the Trust Indenture Act of 1939 (Act of August 3, 1939, 53 Stat. 1149, 15 U.S.C., Secs. 77aaa-77bbbb, as amended).

“Initial Interest Rate Mode” means the mode the Bonds are originally sold in, as identified in Section 202(c).

“Initial Letter of Credit” means that certain irrevocable, direct pay letter of credit issued in favor of the Trustee with respect to the Bonds, as supplemented and amended from time to time, including any extensions thereof, issued by the Initial Letter of Credit Bank on the Bond Closing.

“Initial Letter of Credit Bank” means Mizuho Bank, Ltd., acting through its New York Branch.

"Insurance and Condemnation Proceeds" means the proceeds from insurance or from actual or threatened condemnation or eminent domain actions with respect to any portion of the Project, less any costs reasonably expended by the Borrowers to receive such proceeds.

"Insurance and Condemnation Proceeds Fund" means the fund of that name established pursuant to Section 302 hereof.

"Interest Payment Date" means (a) for so long as the Bonds bear interest at a Variable Rate the first Business Day of each month, commencing _____ 1, 2020, (b) after the Fixed Rate Conversion Date, _____ 1 and _____ 1 of each year, or (c) any other date upon which interest on the Bonds is due and payable, whether by maturity, acceleration, prior redemption, purchase, Conversion or otherwise.

"Interest Period" means: (a) with respect to Daily Rate Bonds, the period from and including the latest of (i) a Daily Rate Conversion Date or (ii) an Interest Payment Date, to but not including the next succeeding Interest Payment Date; (b) with respect to Weekly Rate Bonds, the period from and including the later of (i) Bond Closing, (ii) the Weekly Rate Conversion Date or (iii) an Interest Payment Date, to but not including the next succeeding Interest Payment Date; and (c) with respect to Fixed Rate Bonds, the period from and including the later of (i) the Fixed Rate Conversion Date or (ii) an Interest Payment Date, to but not including the next succeeding Interest Payment Date.

"Issuance Costs" means all costs and expenses of issuance of the Bonds, including, but not limited to:

(a) underwriter's discount or fee;

(b) counsel fees and expenses, including bond counsel, underwriter's counsel, Issuer's counsel, Borrowers' counsel and Bank counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds;

(c) financial advisor fees and expenses incurred in connection with the issuance of the Bonds;

(d) initial fees and expenses of the Trustee, including Trustee counsel fees and expenses, in connection with the issuance of the Bonds;

(e) costs of printing the official statement;

(f) publication or copying costs associated with the financing proceedings; and

(g) initial fees and expenses, if any, of the Issuer and the Rating Agency.

"Issuer" means the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State of California, the Issuer of the Bonds hereunder, and its successors and assigns.

"Issuer Fee" has the meaning given to that term in the Regulatory Agreement.

"Letter of Credit" means the Initial Letter of Credit or any Substitute Letter of Credit meeting the requirements of Section 310.

“Letter of Credit Documents” means the Letter of Credit, the Reimbursement Agreement, and all other documents executed by the Borrowers in favor of the Bank as required by the Reimbursement Agreement.

“Letter of Credit Proceeds Account” means an account for the deposit of proceeds from the Letter of Credit.

“Letter of Representations” means the Blanket Issuer Letter of Representations signed by the Issuer and accepted by DTC with respect to the initial issuance of the Bonds in book-entry form.

“Loan Agreement” means the Loan Agreement, dated as of _____ 1, 2020, among the Issuer, the Trustee and the Borrowers.

“Market Rate Borrower” means 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company registered in California and its successors and assigns.

“Market Rate Condominium” has the meaning given to the term “Market Rate Unit 2” in the Declaration.

“Maturity Date” means _____ 1, 20__.

“Maximum Interest Rate” means (i) for Bonds other than Bank Bonds, 12% per year during a period in which interest on the Bonds is at a Variable Rate; provided, that the Issuer shall designate a higher rate (which is no higher than the rate used to establish the interest portion of the Letter of Credit) than heretofore specified as the Maximum Interest Rate if the Trustee receives: (1) written evidence that the amount of the Letter of Credit has been increased to the Coverage Amount, and (2) an opinion of Bond Counsel addressed to the Trustee, the Issuer and the Remarketing Agent to the effect that the designation will not violate any provision of any law applicable to the Bonds or the Mortgage Loan and a Tax-Exempt No Adverse Effect Opinion and (ii) for Bank Bonds, the maximum rate of interest permitted by applicable law.

“Mortgage Loan” or “Loan” means the mortgage loan made by the Issuer to the Borrowers pursuant to the Loan Agreement in an amount equal to the principal amount of the Bonds to provide permanent financing for part of the Project Costs and Issuance Costs.

“Mortgage Loan Documents” or “Loan Documents” means the Loan Agreement, the Tax Certificate, the Regulatory Agreement, the Deed of Trust, the Mortgage Note, the Bond Purchase Agreement, the Remarketing Agreement and the Continuing Disclosure Agreement.

“Mortgage Loan Fund” means the fund of that name created by Section 302.

“Mortgage Note” means the promissory note executed by the Borrowers to evidence the Mortgage Loan.

“Net Proceeds” means, when used with reference to the Bonds, the face amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount and proceeds deposited into any reserve fund, if any.

"Outstanding," "Bonds Outstanding" or "Bonds outstanding," in connection with the Bonds means, as of the time in question, all Bonds authenticated and delivered under this Indenture, except:

(a) Bonds theretofore cancelled or required to be cancelled under Section 209;

(b) Bonds deemed to have been paid in accordance with Article XII; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Article II or Section 1005.

In determining whether the Owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of this Indenture, Bonds that are registered in the Bond Register in the name of the Borrowers, the Issuer or any other obligor on the Bonds, or any affiliate of any one of said entities (for the purpose of this definition an "affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person provided that the Trustee shall have received written notice that such Person is an affiliate) shall be disregarded and deemed not to be outstanding hereunder for the purpose of any such determination. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Bonds (in certificated form) so owned, which have been pledged in good faith, may be regarded as Outstanding if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Borrowers, the Issuer, or any other obligor on the Bonds, or any affiliate of any of the foregoing. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of Counsel shall be full protection to the Trustee.

"Owner" means the Registered Owner of any Bond.

"Permitted Investments" mean any of the following for the moneys held hereunder then proposed to be invested therein:

(i) time or demand deposits in any United States bank or trust company whose obligations are rated in the three highest rating categories by the Rating Agency, having aggregate capital and surplus of at least $50,000,000 (including the banking departments of the Trustee and Bank and their affiliates);

(ii) obligations, participations or other instruments of, or issued by, the Federal National Mortgage Association, or issued by a United States agency or a United States government enterprise;

(iii) repurchase agreements fully collateralized by obligations listed in (ii), (v) or (vii) hereof, with institutions rated in one of the three highest rating categories of S&P Global Ratings, Moody's Investors Service or Fitch Ratings, Inc.;

(iv) a promissory note or other evidence of indebtedness (and any investment agreement) of a bank or a bank holding company whose obligations are rated in one of the three highest rating categories of the Rating Agency;

(v) bonds, notes, certificates of indebtedness or other obligations of a state, an instrumentality or a political subdivision thereof, which obligations have been granted by the Rating Agency a credit rating equal to or better than the rating on the Bonds (but not lower than the third highest rating category of the Rating Agency);

(vi) a promissory note or other evidence of indebtedness (and any investment agreement) of a United States branch or agency of a foreign financial institution whose short term obligations are rated in the highest category by a nationally recognized rating agency;

(vii) Government Obligations;

(viii) shares of a money market mutual fund or other collective investment fund investing in Government Obligations, which fund is registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least $100,000,000, and having a rating AAAm or AAAm-G by S&P and "Aaa" by Moody's, including money market mutual funds from which the Trustee or its affiliates derive a fee for investment advisory or other services to the fund that meet the requirements of this clause (viii);

(ix) an investment agreement (whether or not collateralized) with an institution rated in one of the three highest rating categories of S&P Global Ratings, Moody's Investors Service or Fitch Ratings, Inc.; or

(x) any other investment with the prior written consent of the Bank.

"Person" means any natural person, firm, partnership, limited liability company, association, corporation, trust or public body.

"Principal Office" means when used with respect to the Trustee, the corporate trust office of the Trustee, which at the date of this Indenture is located at the address shown in Section 1304 or such other location designated in writing by the Trustee or Bond Registrar.

"Project" means the Affordable Rate Condominium and the Market Rate Condominium, which facilities are to be financed from the proceeds of the Bonds or any payments by the Borrowers that are reimbursed by proceeds of the Bonds, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

"Project Costs" means, to the extent authorized by the Code and the Act, any and all costs, including financing and refinancing costs, incurred by the Borrowers with respect to the acquisition, construction, renovation, improvement, equipping and refinancing (provided that refinancing is owed to Persons who are not related to the Borrowers within the meaning of Section 144(a)(3) of the Code), as the case may be, of the Project, including, without limitation, costs for site preparation, the planning of housing, other facilities and improvements, the acquisition of real property and of tangible personal property, the removal or demolition of existing

structures, the acquisition, refinancing, rehabilitation or construction of housing and other facilities and improvements, and all other work in connection therewith, including, without limitation, the cost of consulting, accounting and legal services, payment of principal of and interest on a construction loan, other expenses necessary or incident to determining the feasibility of the Project, contractors' and Borrowers' overhead and supervisors' fees and costs directly allocable to the Project, the insurance premiums, costs of surveys and appraisals, administrative and other expenses necessary or incident to the development and the financing thereof (including reimbursement, if any, to any municipality, county or entity for expenditures made, with the approval of the Issuer, for the Project) and all other costs approved by Bond Counsel, but excluding Issuance Costs. All Project Costs must be capitalizable and includable in the Borrowers' depreciable tax basis in the Project for federal income tax purposes.

"Purchase Price" means with respect to any Bonds or portion thereof required to be purchased pursuant to this Indenture, the principal amount of such Bonds plus interest accrued thereon to the Demand Date.

"Rating Agency" means collectively, S&P Global Ratings, Moody's Investors Service, and Fitch Ratings Inc., to the extent, in each case, that such organization is then providing or maintaining a rating on any of the Bonds at the request of the Borrowers, and each Rating Agency's successors and assigns, and, if such entities shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Rating Agency shall be deemed to refer to any other nationally recognized securities rating agency designated by Borrowers Representative and acceptable to the Issuer.

"Rating Agency Surveillance Fee" means the annual fee, if any, of the Rating Agency to maintain a rating on the Bonds.

"Rebate Amount" means the amount, if any, determined to be payable with respect to the Bonds by the Issuer to the United States of America pursuant to Section 148 of the Code, calculated in accordance with the Tax Certificate.

"Rebate Analyst" means the individual or firm retained by the Issuer to compute the Rebate Amount.

"Rebate Fund" means the Fund of that name established pursuant to Section 302.

"Record Date" means, except for payment of defaulted interest, (a) with respect to Bonds bearing interest at a Variable Rate, if the Bonds are in book-entry form, the close of business on the Business Day immediately preceding an Interest Payment Date and, if the Bonds are in certificated form, the fifth Business Day immediately preceding an Interest Payment Date, (b) any Conversion Date and (c) with respect to Bonds bearing Interest at a Fixed Rate, the fifteenth calendar day of the month preceding an Interest Payment Date. With respect to any payment of defaulted interest, a Special Record Date shall be established by the Trustee in accordance with the provisions of Section 202.

"Registered Owner" means the Person or Persons in whose name or names a Bond shall be registered on books of the Trustee kept for that purpose in accordance with the terms of this Indenture and may include the Bank.

"Regulations" means proposed, temporary or permanent regulations promulgated under the Code.

“Regulatory Agreement” means the Regulatory Agreement, dated as of the date hereof (as supplemented and amended from time to time), with respect to the Project, executed by the Issuer, the Trustee and the Borrowers, and recorded in the property records of the county in which the Project is located.

“Reimbursement Agreement” means the Reimbursement Agreement, dated as of the date hereof, among the Bank in its capacities as Issuing Bank (as defined in the Reimbursement Agreement) and Administrative Agent thereunder, the banks from time to time party thereto, and the Borrowers and SDCC South Block LLC, as the same may be amended, restated, supplemented or otherwise modified and any subsequent agreement pursuant to which a Substitute Letter of Credit is issued.

“Remarketing Agent” means the agent or agents, and its successors and assigns appointed in accordance with Sections 401 and 402.

“Remarketing Agreement” means the Remarketing Agreement, dated as of the date hereof, between the Borrowers and the Remarketing Agent, and any similar substitute or additional agreement providing for the remarketing of the Bonds, in each case as supplemented or amended from time to time.

“Resolution” means the resolution duly adopted and approved by the Issuer, authorizing the issuance and sale of the Bonds and the execution of this Indenture.

“Revenues” means the amounts pledged hereunder to the payment of the principal of and interest on the Bonds and amounts owing to the Bank, including the following: (a) proceeds of draws on the Letter of Credit or Alternate Credit Facility; (b) moneys held in the Funds and Accounts (excluding the Cost of Issuance Fund and the Rebate Fund), together with investment earnings thereon received by the Trustee that the Trustee is authorized to receive, hold and apply pursuant to the terms of this Indenture; and (c) all income, revenues, proceeds, obligations, securities and other amounts received by the Trustee and derived from or in connection with the Mortgage Loan, or the Mortgage Loan Documents, subject to the Deed of Trust but excluding amounts payable as the Issuer Fee, the Rating Agency Surveillance Fee, the Trustee Fee, Rebate Amount, the fee for the calculation of the Rebate Amount or any amounts collected as indemnification or reimbursements of expenses of the Issuer or Trustee.

“Sale Proceeds” means, with respect to an issue of Bonds, any amounts actually or constructively received from the sale (or other disposition) of any Bond that is part of the issue, including amounts used to pay underwriters’ discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any Bond that is part of the issue and that is described in Section 1.148-4 of the Regulations.

“Seasoned Funds” means (a) remarketing proceeds received from the Remarketing Agent or any purchaser (other than funds provided by any Borrower, any general partner, member or guarantor of the Borrowers or the Issuer), (b) proceeds of draws on the Letter of Credit or any other Credit Facility, (c) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bonds and on each subsequent Draw Down Date (including any Bond proceeds deposited to the Mortgage Loan Fund on the Bond Closing and on each subsequent Draw Down Date), (d) proceeds from the investment or reinvestment of money described in clauses (a), (b) and (c) above, or (e) any other funds (including proceeds of any refunding bonds) which, in the

written opinion of nationally recognized bankruptcy counsel acceptable to the Rating Agency and delivered to the Trustee, are not subject to treatment as a "preference" under Sections 547 of the Federal Bankruptcy Code, or similar provisions under any applicable bankruptcy law in the event of a bankruptcy by or against the Issuer or the Borrowers or any affiliate of any Borrower.

"Seasoned Funds Account" means the Account of that name authorized to be created within the Debt Service Fund pursuant to Section 306.

"SIFMA Swap Index" means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) ("SIFMA") or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Remarketing Agent, and effective from such date.

"Special Record Date" means, with respect to the payment of any defaulted interest on the Bonds, a date fixed by the Trustee pursuant to Section 202.

"State" means the State of California.

"Substitute Bank" means the issuer of a Substitute Letter of Credit.

"Substitute Letter of Credit" means an irrevocable transferable direct pay letter of credit delivered to the Trustee in accordance with Section 310, other than (a) the Initial Letter of Credit or (b) an extension of the expiration date thereof.

"Substitution Date" means the date of substitution of the Letter of Credit with a Substitute Letter of Credit or Alternate Credit Facility.

"Supplemental Indenture" means any agreement hereafter authorized and entered into between the Issuer and the Trustee that amends, modifies or supplements and forms a part of this Indenture.

"Tax Certificate" means, collectively, the Certificate as to Arbitrage of the Owner and the Issuer and the Certificate Regarding Use of Proceeds, each dated the Closing Date and executed and delivered by the Borrower.

"Tax Counsel" shall mean (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys designated by the Issuer and approved by the Underwriter having a national reputation for skill in connection with the authorization and issuance of municipal bonds under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

"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 Bonds from gross income for purposes of federal income taxation from the holder thereof except for a "substantial user" or "related person" as defined in Section 147(a) of the Code (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"Tax-Exempt" with respect to interest on any obligations of a state or local government, including the Bonds, means that such interest is excluded from gross income for federal income tax purposes from the owner thereof except for a "substantial user" or "related person" as defined

in Section 147(a) of the Code; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax under the Code.

"Tender Notice" means a notice of demand for purchase of Bonds given by any Bondowner pursuant to Section 202(h) hereof.

"Trust Estate" means the property conveyed to the Trustee pursuant to the Granting Clauses of this Indenture and the proceeds of drawings under the Letter of Credit.

"Trustee" means U.S. Bank National Association, or any successor trustee or co-trustee appointed in accordance with the terms of this Indenture.

"Trustee Fee" means (a) an annual payment of $_____, payable on an annual basis on each _____ 1 in advance (except that the first payment shall be made on Bond Closing), (b) plus charges, advances, indemnities, costs and expenses (including reasonable attorneys' or agents' fees) incurred for services not covered by its annual administration fee performed by the Trustee under this Indenture and the Loan Documents.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated.

"Variable Rate" means the Daily Rate or the Weekly Rate borne by the Bonds until Conversion to the Fixed Rate, determined in accordance with Section 202(e).

"Variable Rate Determination Date" means either the Daily Rate Determination Date or the Weekly Rate Determination Date.

"Variable Rate Mode" means a Daily Rate or a Weekly Rate.

"Weekly Rate" means the interest rate on the Bonds from the issuance of the Bonds or a Weekly Rate Conversion Date until a Daily Rate Conversion Date or a Fixed Rate Conversion Date as determined by the Remarketing Agent pursuant to Section 202(e)(ii).

"Weekly Rate Bond" means any Bond during the period the Bonds bear interest at a Weekly Rate.

"Weekly Rate Conversion Date" means the effective date of a change in the interest rate borne by the Bonds to a Weekly Rate from a Daily Rate.

"Weekly Rate Determination Date" means the date for setting a Weekly Rate in accordance with Section 202(e)(ii), which will be the day before the Bond Closing or a Weekly Rate Conversion Date, and thereafter each Wednesday, except that if such Wednesday is not a Business Day, then the next succeeding Business Day.

"Weekly Rate Period" means (except as otherwise provided in Section 202) a period from and including the Bond Closing or a Weekly Rate Conversion Date through and including the next Tuesday, and thereafter a period from and including each Wednesday through and including the next Tuesday during which the Weekly Rate determined on the Weekly Rate Determination Date will be in effect.

Such terms as are not defined herein have the meanings assigned to them in the Mortgage Loan Documents.

## ARTICLE II
## THE BONDS

Section 201. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture, except in accordance with this Article. The total principal amount of Bonds that may be issued is hereby expressly limited to $24,000,000 except as provided in Section 202.

Section 202. Issuance of the Bonds.

(a) Description of Bonds. The Issuer may issue the Bonds following the execution of this Indenture, and the Trustee shall, at the Issuer's request, authenticate such Bonds and deliver them as specified in that request. No Bonds may be issued under this Indenture in addition to those authorized by Section 201, except Bonds issued on transfer or exchange as provided in Sections 203 or 208, or Bonds issued in replacement of lost, stolen, mutilated or destroyed Bonds pursuant to Section 207 or Bonds issued pursuant to Section 603 or Section 1005.

Until the Fixed Rate Conversion Date, the Bonds shall be designated "Housing Authority of the City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons), Series 2020 F," in the aggregate principal amount of $24,000,000.

Following the Fixed Rate Conversion Date, the Bonds shall be designated "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Courthouse Commons), Series 2020 F," in the aggregate principal amount of $24,000,000. Unless the Issuer otherwise directs, the Bonds shall be numbered as determined by the Trustee.

The forms of the Bonds, the Trustee's certificate of authentication to be endorsed thereon and the form of assignment to be endorsed thereon are to be in substantially the forms set forth in Exhibit A, and hereby made a part hereof, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture or by a Supplemental Indenture. The Bonds may be printed, engraved, or typewritten.

The Bonds shall be issued in Authorized Denominations and shall be dated their date of issuance. The Bonds will mature on the Maturity Date. The Bonds shall bear interest payable on each Interest Payment Date at the rate per annum determined from time to time as hereinafter in this Article II provided. The Bonds shall bear interest from the applicable Draw Down Date, thereafter interest is payable on each Interest Payment Date.

The Bonds initially issued hereunder shall be issued as draw down bonds, with a stated not to exceed principal amount of $24,000,000; however, the Outstanding principal amount of the Bonds at any time shall only be the aggregate amount of all draws on the Bonds less the principal amount of Bonds redeemed, if any. Draws on the Bonds shall be made on each Draw Down Date upon the Trustee's and Underwriter's receipt of a Draw Request at least 30 days prior to the Draw Down Date designated in such Draw Request, unless (a) the Trustee receives notice from the Underwriter of termination of its obligations to purchase Bonds under the Bond Purchase Agreement, (b) the Trustee does not receive from the Underwriter the Draw Down Amount designated in such Draw Request or (c) the Trustee does not receive from the Initial Letter of Credit Bank an executed Annex J to the Initial Letter of Credit increasing the Stated Amount (as defined in the Reimbursement Agreement) of the Initial Letter of Credit to the aggregate principal

amount of Bonds to be outstanding on such Draw Down Date plus forty-five (45) days of interest on such aggregate principal amount of Bonds at twelve percent (12%) per annum. The Weekly Rate with respect to each Draw Down Amount shall be set by the Underwriter as the minimum rate of interest that, in the opinion of the Underwriter, would be necessary to sell Bonds equal to the Draw Down Amount on the Draw Down Date in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest, if any; provided, however, that the rate so determined will not exceed the Maximum Interest Rate.

Notwithstanding anything therein to the contrary, the maximum par amount of the Bonds issued hereunder shall not exceed the authorized amount of the Bonds pursuant to Section 201 hereof, and no Draw Down Date may occur after December 31, 2023, without a Tax Counsel No Adverse Effect Opinion addressed and acceptable to the Issuer and the Trustee.

Interest shall accrue on the Bonds only on such principal amount as has been actually drawn by the Issuer. The Trustee shall provide the Issuer, the Bank and the Borrowers with electronic confirmation of receipt of each Draw Down Amount.

(b) Payment of Bonds. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Except as provided below, the principal of and premium, if any, on each Bond will be payable upon the presentation and surrender of such Bond by its Registered Owner or duly authorized representative, when due, at the Principal Office of the Trustee. Payment of interest on each Bond shall be made to the Registered Owner thereof as specified on the records of the Trustee on the Record Date with respect to such interest payment irrespective of the cancellation of such Bond upon any transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date, unless the Issuer shall default in the payment of interest due on such Interest Payment Date. Each interest payment on each Bond shall be paid as provided in the Letter of Representations for so long as the Bonds are held by DTC in book-entry form and thereafter by wire transfer to an account in the United States designated by such Registered Owner in writing at least 15 days prior to the Interest Payment Date and upon acknowledgment by such Registered Owner of the deduction from such wire of the applicable wire transfer fee, if any such fee is then applicable; provided, that payment of such interest shall be made in immediately available funds at no cost to the Owner if such Owner shall have requested in writing payment by such method and shall have provided the Trustee with an account number in a bank within the United States and other necessary information for such purposes at least fifteen (15) days before the applicable Interest Payment Date. In the event of any default in the payment of interest, such defaulted interest shall be payable to the Registered Owner of such Bond on a Special Record Date for the payment of such defaulted interest established by notice mailed by or on behalf of the Issuer to Registered Owners.

During each Interest Period for each interest rate mode, the interest rate for the Bonds shall be determined in accordance with Sections 202(e) and (g) and shall be payable on the Interest Payment Date for such Interest Period.

During any Daily Rate Period, the Bonds shall bear interest at the Daily Rate determined as provided in Section 202(e)(i). During any Weekly Rate Period, the Bonds shall bear interest at the Weekly Rate determined as provided in Section 202(e)(ii). Interest on Daily Rate Bonds or Weekly Rate Bonds shall be computed on the basis of a 365- or 366-day year for the actual number of days elapsed.

During any Fixed Rate Period, the Bonds shall bear interest at a Fixed Rate determined as provided in Section 202(g). Interest on the Fixed Rate Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

(c) Initial Interest Rate Mode. The initial interest rate determination method in effect with respect to the Bonds shall be the Weekly Rate.

(d) Book-Entry Only. Notwithstanding anything herein to the contrary, the Bonds initially shall be held in book-entry form by DTC acting as depository pursuant to the terms and conditions set forth in the Letter of Representations. Neither the Issuer nor the Trustee shall have any responsibility or obligation to DTC participants or the Persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants, the payments by DTC or DTC participants of any amount in respect of principal, redemption price, Purchase Price or interest on the Bonds, any notice which is permitted or required to be given to or by Registered Owners hereunder (except such notice as is required to be given by the Issuer to the Trustee or to DTC), or any consent given or other action taken by DTC as Bondowner.

The Bonds initially shall be issued in denominations equal to the aggregate principal amount of each maturity and initially shall be registered in the name of Cede & Co. as the nominee of DTC. The Bonds so registered shall be held in book-entry form by DTC as depository. For so long as any Bonds are held in book-entry form, DTC, its successor or any substitute depository appointed by the Issuer, as applicable, shall be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, owners or the like shall mean DTC or its nominees and shall not mean the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

1. To any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it;

2. To any substitute depository appointed by the Issuer pursuant to this subsection or such substitute depository's successor; or

3. To any Person as herein provided if the Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the Issuer to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Issuer may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

In the case of any transfer pursuant to clause 1 or 2 of the second preceding paragraph, the Trustee, upon receipt of all outstanding Bonds together with a written request on behalf of the Issuer, shall issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Issuer.

In the event that DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or the Issuer determines that the beneficial owners of the Bonds should obtain Bond certificates, the ownership of Bonds may be transferred to any Person as herein provided, and the Bonds shall no longer be held in book-entry form. The Issuer shall deliver a written request to the Trustee, together with a supply of definitive Bonds, to issue Bonds as herein provided in any Authorized Denomination. Upon receipt of all then Outstanding Bonds by the Trustee, together with a written request on behalf of the Issuer to the Trustee, new Bonds shall be issued in such denominations and registered in the names of such Persons as are requested in such a written request.

For so long as Outstanding Bonds are registered in the name of Cede & Co., or its registered assigns, as nominee of DTC, payments of principal of and interest on the Bonds shall be made at the place and in the manner provided in the Letter of Representation.

Notwithstanding any provision herein to the contrary, so long as the Bonds are subject to a system of book-entry-only transfers pursuant to this Section 2.02(d), any requirement for the delivery of Bonds to the Trustee in connection with a mandatory tender or an optional tender will be deemed satisfied upon the transfer, on the registration books of DTC, of the beneficial ownership interests in such Bonds tendered for purchase to the account of the Trustee, or a direct participant acting on behalf of the Trustee.

(e) Determination of Interest Rate. Unless the interest rate on the Bonds is converted to an Alternate Rate after notice to the Bondowners in accordance herewith and with the Remarketing Agreement, the Bonds shall continue to bear interest at the interest rate determination method then in effect.

(i) During any Daily Rate Period, the Bonds shall bear interest at a Daily Rate determined as provided below:

(A) The Remarketing Agent shall determine the Daily Rate by 10:00 a.m., New York City time, on each Business Day. Each Daily Rate shall be the minimum rate of interest that, in the opinion of the Remarketing Agent, would be necessary to sell the Bonds on such date in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest, if any; provided, however, that the rate so determined will not exceed the Maximum Interest Rate. The Daily Rate for any date that is not a Business Day shall be the rate established for the next preceding Business Day. The Daily Rate for any date on which the Remarketing Agent fails to set a Daily Rate shall equal the SIFMA Swap Index then in effect; provided, that if the SIFMA Swap Index is not then in effect, the Daily Rate shall be the rate established for the next preceding Business Day. Notwithstanding anything else in this Indenture to the contrary, the Daily Rate shall be the Maximum Interest Rate commencing on the Business Day following any day on which the Bank has failed to honor a properly presented draw on the Letter of Credit for so long as such failure continues; the Remarketing Agent shall not set rates in this circumstance.

(B) The Remarketing Agent shall notify the Trustee by fax or email of the Daily Rate determined each Business Day upon request by the Trustee, and shall provide a summary thereof on a weekly basis to the Trustee, the Bank and the Borrowers.

(ii) The Weekly Rate shall be computed as described below:

(C) The Remarketing Agent shall set the Weekly Rate at or prior to 4:00 p.m., New York City time, on any Weekly Rate Determination Date. The Weekly Rate for each Weekly Rate Period shall be the minimum rate of interest that, in the opinion of the Remarketing Agent, would be necessary to sell the Bonds on such date in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest, if any; provided, however, that the rate so determined will not exceed the Maximum Interest Rate. If the Remarketing Agent fails to set a Weekly Rate on any Weekly Rate Determination Date, the Weekly Rate shall equal the SIFMA Swap Index in effect on such Weekly Rate Determination Date; provided, that if the SIFMA Swap Index is not then in effect, the then existing Weekly Rate shall continue until a new Weekly Rate is set. Notwithstanding anything else in this Indenture to the contrary, the Weekly Rate shall be the Maximum Interest Rate commencing on the Weekly Rate Period following any day on which the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has failed to honor a properly presented draw on the Letter of Credit for so long as such failure continues; the Remarketing Agent shall not set rates in this circumstance.

(D) No later than one Business Day succeeding each Weekly Rate Determination Date, the Remarketing Agent shall provide the Trustee, the Bank and the Borrowers with written confirmation by email of the Weekly Rate for such Weekly Rate Period.

The computation of the Daily Rate and the Weekly Rate by the Remarketing Agent shall (in the absence of manifest error) be conclusive and binding on the Borrowers, the Registered Owners and beneficial owners of the Bonds, the Issuer, the Trustee, the Bank and the Remarketing Agent. As long as interest on the Bonds is at a Daily Rate, no new Daily Rate shall become effective within one Business Day prior to an Interest Payment Date.

Absent manifest error, the Trustee shall be entitled to rely conclusively on the Remarketing Agent with respect to the determination of the Daily Rate and the Weekly Rate.

(iii) Bank Bonds shall bear interest at the rates provided for in the Reimbursement Agreement.

(f) Conversion. The rate of interest on all of the Bonds may be established at a Fixed Rate from a Variable Rate in accordance with the procedures set forth in this paragraph (f). The rate of interest on all of the Bonds may be established at a Weekly Rate from a Daily Rate, or at a Daily Rate from a Weekly Rate, on any Interest Payment Date pursuant to the procedures set forth in this paragraph (f); provided that a Conversion from one Variable Rate Mode to another may not occur more often than four times a calendar year; and provided further that any Conversion to the Daily Rate requires the prior written consent of the Remarketing Agent.

(i) Preconditions to Conversion. To effect Conversion, the Borrowers shall deliver a written notice to the Trustee, the Issuer, the Remarketing Agent, and the Bank electing to have the interest rate on the Bonds converted, and specifying the Conversion Date, which shall be not less than 20 calendar days after such notice is received by such parties for conversion. Notice of a Conversion must be accompanied by (A) a form of a Tax Counsel No Adverse Effect Opinion, addressed to the Issuer, the Trustee and the Remarketing Agent, with respect to the Conversion in accordance with the provisions hereof; (B) written approval of the Conversion by the Bank accompanied by a commitment for the issuance of a Letter of Credit, satisfying the requirements of Section 310, to be in effect upon and after Conversion, which commitment states that the Letter of Credit shall be in the Coverage Amount, together with

accompanying documentation required by Section 310(b); (C) upon Conversion to the Daily Rate, written consent of the Remarketing Agent; (D) upon Conversion to a Fixed Rate, an opinion of Bond Counsel to the effect that the provisions of Section 6.18 of the Loan Agreement regarding continuing disclosure have been met; (E) a supplemental indenture setting forth the mandatory sinking fund and optional redemption provisions applicable to the Bonds after the Conversion, in accordance with the schedules therefor to be provided by the Remarketing Agent pursuant to Sections 602(a)(iv) and 602(b)(ii), along with any required consents and opinions specified therein; and (F) payment to the Trustee in the amount, if any, estimated by the Remarketing Agent, to pay all costs associated with the Conversion (excluding underwriter costs and fees to remarket Bonds but including the costs and applicable fees of the Trustee and the Issuer). Such amount shall be deposited with the Trustee in the Cost of Issuance Fund. The Remarketing Agent shall specify the Determination Date on which the Fixed Rate will be determined by the Remarketing Agent.

(ii) Mandatory Tender. The Bonds are subject to mandatory tender on the Fixed Rate Conversion Date. The Trustee shall give notice of the Fixed Rate Conversion Date to the Registered Owners of the Bonds, in the same manner that notices of redemption are given, not less than 10 Business Days prior to the Fixed Rate Conversion Date, which notice shall (1) specify the Fixed Rate Conversion Date; (2) state that from and after the Fixed Rate Conversion Date the Bonds held by that Registered Owner will cease to bear interest; and (3) state that with respect to a Fixed Rate Conversion Date the Bonds are subject to mandatory tender on the Fixed Rate Conversion Date for purchase at the Purchase Price and that any Bonds not delivered to the Trustee on the Fixed Rate Conversion Date will be deemed to have been delivered on such Fixed Rate Conversion Date and shall be available for purchase. Any Bond not tendered for purchase on the Fixed Rate Conversion Date shall be deemed to have been tendered for purchase, and shall cease to accrue interest on the Fixed Rate Conversion Date.

The Bonds are subject to mandatory tender on a Daily Rate Conversion Date or a Weekly Rate Conversion Date. The Trustee shall give notice of the Weekly Rate Conversion Date or Daily Rate Conversion Date to the Registered Owners of the Bonds, in the same manner that notices of redemption are given, not less than 10 Business Days prior to a Weekly Rate Conversion Date or a Daily Rate Conversion Date, which notice shall (1) specify the Weekly Rate Conversion Date or Daily Rate Conversion Date, as applicable; (2) state that from and after the Weekly Rate Conversion Date or Daily Rate Conversion Date, the Bonds will cease to bear interest; and (3) state that the Bonds held by that Owner are subject to mandatory tender to the Trustee on the Weekly Rate Conversion Date or Daily Rate Conversion Date for purchase on the Conversion Date at the Purchase Price and that any Bonds not delivered to the Trustee on the Conversion Date will be deemed to have been delivered on such Conversion Date and shall be available for purchase. Any Bond not tendered for purchase on the Weekly Rate Conversion Date or Daily Rate Conversion Date shall be deemed to have been tendered for purchase, and shall cease to accrue interest on the Conversion Date. Notwithstanding the foregoing, no notice of mandatory tender upon a Conversion shall be given if the Daily Rate Conversion Date or Weekly Rate Conversion Date is also a Substitution Date.

Any Bond tendered pursuant to the provisions of Section 202 from the date notice of Conversion is given through the Conversion Date, or deemed to have been so tendered, shall not be remarketed except to a purchaser who has received notice prior to such purchase of Conversion to the Weekly Rate, Daily Rate or Fixed Rate, as the case may be, on the Conversion Date.

Upon a Fixed Rate Conversion, the Issuer shall cause to be prepared, at the expense of the Borrowers, new Bonds in the form set forth in Exhibit A hereto. Any such Bonds shall be executed and authenticated as provided in Section 203, and shall be delivered to Bondowners in accordance with written instructions of the Remarketing Agent.

(g) Interest After Conversion to a Fixed Rate. From and after Conversion to a Fixed Rate, the Bonds will bear interest at a Fixed Rate, payable on _____ 1 and _____ 1 of each year, commencing on the Interest Payment Date next following the Fixed Rate Conversion Date, computed on the basis of a 360-day year of twelve 30-day months. The Fixed Rate determined by the Remarketing Agent on the Fixed Rate Determination Date shall be that rate or rates which, in the judgment of the Remarketing Agent, having due regard for prevailing financial market conditions, would be required, but would not exceed the rate or rates which would be required, to be borne by the Bonds in order for the market value of the Bonds on such date, priced to the maturity date of the Bonds, to be 100% of the principal amount thereof (disregarding accrued interest). The Fixed Rate Bonds will pay principal on each _____ 1 until maturity (calculated to provide level debt service) in the form of serial maturities or mandatory sinking fund redemptions of term Bonds in order to achieve the lowest interest cost, as determined by the Remarketing Agent.

The determination of the Fixed Rate by the Remarketing Agent shall (in the absence of manifest error) be conclusive and binding on the Registered Owners and beneficial owners of the Bonds, the Issuer, the Borrowers, the Bank, the Trustee and the Remarketing Agent. The Remarketing Agent shall notify the Trustee, the Borrowers and the Bank of the Fixed Rate by fax or other written communication on the Fixed Rate Determination Date.

The Trustee shall be entitled to rely conclusively on the Remarketing Agent with respect to the determination of the Fixed Rate.

(h) Demand for Purchase.

(i) The Daily Rate Bonds shall be purchased in any Authorized Denomination (so long as any untendered portion is also in an Authorized Denomination) on any Business Day, at the option of the Owner (or Beneficial Owner, if the Bonds are in book-entry form) thereof, at the Purchase Price thereof (payable in immediately available funds at the Principal Office of the Trustee), if the Owner (or Beneficial Owner) thereof:

(A) gives irrevocable notice to the Remarketing Agent and the Trustee at or prior to 11:00 a.m., New York City time, on a Business Day by facsimile or email to such numbers designated for such purpose by the Remarketing Agent and the Trustee stating the Owner's (or Beneficial Owner's) irrevocable and unconditional election to tender such Daily Rate Bond on such Business Day, which shall then be the Demand Date with respect to such purchase. Such notice must include the name of such Owner (or Beneficial Owner) and the aggregate principal amount and CUSIP number of the Daily Rate Bonds to be tendered and, if delivered by the beneficial owner of the Daily Rate Bond, must be accompanied by an "SDFS Deliver Order" entered at DTC before or simultaneously with the notice; and

(B) if Bonds are in certificated form, delivers such Daily Rate Bond, together with any applicable due bills, to the Trustee at or prior to 11:00 a.m., New York City time, on such Business Day with all necessary endorsements.

Any Bonds so delivered to the Remarketing Agent shall be promptly delivered by the Remarketing Agent to the Trustee at its Principal Office or to the address designated in writing by the Trustee to Remarketing Agent.

(ii) The Weekly Rate Bonds shall be purchased in any Authorized Denomination (so long as any untendered portion is also in an Authorized Denomination) on any Business Day, at the option of the Owner (or Beneficial Owner if the Bonds are in book-entry form) thereof at the Purchase Price thereof (payable in immediately available funds at the Principal Office of the Trustee), if the Owner (or Beneficial Owner) thereof:

(A) gives irrevocable notice to the Remarketing Agent and the Trustee at or prior to 11:00 a.m., New York City time, on a Business Day by facsimile or email to such numbers designated for such purpose by the Remarketing Agent and the Trustee stating the Owner's (or Beneficial Owner's) irrevocable and unconditional election to tender such Weekly Rate Bond. Such notice must include the name of such Owner (or Beneficial Owner) and the aggregate principal amount and CUSIP numbers of Weekly Rate Bonds to be tendered and the applicable Demand Date, which shall be a Business Day on or prior to a Conversion Date but not prior to the seventh day next succeeding the date of delivery of such notice to the Remarketing Agent and the Trustee and, if delivered by the beneficial owner of the Weekly Rate Bond, must be accompanied by an "SDFS Deliver Order" entered at DTC before or simultaneously with the notice; and

(B) if Bonds are in certificated form, delivers such Weekly Rate Bond, together with any applicable due bills, to the Trustee at or prior to 11:00 a.m., New York City time, on the applicable purchase date with all necessary endorsements.

Any Bonds so delivered to the Remarketing Agent shall be promptly delivered by the Remarketing Agent to the Trustee at the address described above.

(iii) The delivery of the Tender Notice pursuant to this section shall be irrevocable and binding upon the Owner (or Beneficial Owner) providing such notice, and any certificated Bond for which such Tender Notice has been received pursuant to this Section, whether or not delivered to the Trustee or the Remarketing Agent on the Demand Date, shall be deemed to have been so delivered and shall be available for purchase. The Trustee and Remarketing Agent may rely conclusively upon receipt by it of a Tender Notice from a Beneficial Owner, but shall make payment of the Purchase Price only to the Registered Owner.

Payment of the Purchase Price of any Bond delivered as provided above shall be made by wire transfer, as designated in the Tender Notice with respect to such Bond, but, if the Bonds are in certificated form, only upon delivery and surrender of such Bond to the Trustee or the Remarketing Agent.

Anything herein to the contrary notwithstanding, no Bonds shall be purchased pursuant to this section or remarketed pursuant to Section 403 if an Event of Default under Section 801(a) or (b) hereunder shall have occurred and be continuing, which occurrence and continuation shall be communicated by the Trustee to the Remarketing Agent and the Bank. Furthermore, no Bonds shall be remarketed pursuant to Section 403 if all of the Bonds shall have been called for redemption or mandatory tender unless the new purchaser has received prior notice from the Remarketing Agent of such redemption or tender.

Section 203. Registration, Transfer and Exchange. The Issuer shall cause books for the registration and transfer of the Bonds (the "Bond Register") to be kept by the Trustee, which is hereby constituted and appointed the Bond Registrar of the Issuer. The registration of ownership of the Bonds may be transferred only in the Bond Register. If the Bonds are then held in certificated form, upon surrender for transfer of any Bonds at the Principal Office of the Trustee duly endorsed for transfer or accompanied by an assignment duly executed, by the Registered Owner or his/her attorney duly authorized in writing, the Issuer shall cause to be executed, and the Trustee shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds in Authorized Denomination(s) in the aggregate principal amount shown on the books and records of the Trustee.

Bonds may be exchanged at the Principal Office of the Trustee for Bonds of Authorized Denomination(s) in the aggregate principal amount shown on the books and records of the Trustee. The Issuer shall cause to be executed and the Trustee shall authenticate and deliver Bonds which the Registered Owner making the exchange is entitled to receive, bearing numbers not then outstanding. The execution by the manual or facsimile signatures of the Chair and the Secretary of the Issuer of any Bonds of any Authorized Denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Bonds. The Trustee shall not be required to transfer or exchange any Bonds after the mailing of notice calling such Bonds for redemption or mandatory tender has been given as herein provided, nor during the period between a Record Date and the next succeeding Interest Payment Date for such Bonds; provided, that so long as the Bonds bear interest at a Variable Rate, such Bonds may be transferred or exchanged if the purchaser thereof has received notice from the Remarketing Agent of such redemption or mandatory tender prior to purchase.

As to any Bond, the Bondowner shall be deemed and regarded as the absolute owner thereof for all purposes. Payment of principal of any Bonds shall be made only to or upon the order of the Bondowner or his/her attorney duly authorized in writing as of the date of such payment. Payment of the interest on any Bonds shall be made only to or on the order of the Bondowner or his/her attorney duly authorized in writing as of the Record Date or, if applicable, Special Record Date established pursuant to Section 202 for such payment, as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid.

The Issuer and the Trustee shall not charge Bondowners for any exchange or transfer of Bonds, except pursuant to Section 207 and except that in each case the Trustee shall require the payment by Bondowners requesting exchange or transfer of any tax or other governmental charge required to be paid with respect thereto. The cost of printing any new Bonds shall be paid to the Trustee in accordance with Section 5.1(i) of the Loan Agreement.

Section 204. Execution; Limited Obligation. The Bonds shall be executed in the name and on behalf of the Issuer by the Executive Director of the Issuer, shall have printed thereon a facsimile of, or impressed thereon, the seal of the Issuer and shall be attested by the Secretary or Deputy Secretary of the Issuer. Any facsimile signature shall have the same force and effect as if the Executive Director had manually signed each of said Bonds.

On Bond Closing, the Issuer shall execute and deliver to the Trustee a Bond certificate substantially in the form set forth in Exhibit A which shall be numbered R-1, and issued in a single denomination equal to the maximum principal amount of the Bonds authorized hereunder, dated

the date of the Bond Closing, which shall be delivered to DTC by the Trustee at the Underwriter's direction as provided in the delivery instructions pursuant to Section 202(a) of this Indenture.

In case any officer of the Issuer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained, against any past, present or future member of the Issuer, officer, employee or agent of the Issuer, or member or officer of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty or otherwise, and all such liability of any such member of the Issuer, officer, employee or agent as such is hereby expressly waived and released as a condition of, and in consideration for, the execution of this Indenture and the issuance of any of the Bonds.

The Bonds are not and never shall become general obligations of the Issuer, but are limited obligations payable by the Issuer solely and only from the Revenues and the other security pledged herein for such purpose, which Revenues, together with any such other security provided herein, are hereby specifically and irrevocably granted, bargained, sold, conveyed, transferred, alienated, assigned and pledged to such purposes in the manner and to the extent provided herein. The Bonds and the interest thereon do not and never shall constitute a debt or an indebtedness or a general obligation of the Issuer, the State, or any county, city or other municipal or political corporation or subdivision of the State, or a loan of the faith or credit or the taxing power of any of them, within the meaning of any constitutional or statutory provisions, nor shall the Bonds be construed to create any moral obligation on the part of the Issuer, the State, or any county, city or other municipal or political corporation or subdivision of the State with respect to the payment of the Bonds. The Bonds shall not be payable from the general revenues of the Issuer, and neither the Issuer nor the State nor any political corporation, subdivision or agency thereof will be liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those specifically pledged therefor.

Section 205. Authentication. No Bond shall be valid for any purpose until the certificate of authentication on such Bond shall have been duly executed by the Trustee, and such authentication shall be conclusive proof that such Bond has been duly authenticated and delivered under this Indenture and that the Owner thereof is entitled to the benefits of the trust hereby created. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by the Trustee if (a) signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds issued hereunder, and (b) the date of registration and authentication of the Bond is inserted in the place provided therefor on the Trustee's certificate of authentication.

Section 206. Form of Bonds. The Bonds issued under this Indenture shall be substantially in the forms set forth in Exhibit A attached hereto and incorporated by reference herein, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture or a Supplemental Indenture.

Section 207. Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond or temporary Bond is mutilated, lost, stolen or destroyed, the Issuer may cause to be executed and, thereupon, the

Trustee shall authenticate a new Bond of like date, maturity, interest rate and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to it, together with indemnity satisfactory to it. If any such Bond has matured, instead of issuing a replacement Bond as provided above, the Trustee may pay the same upon receipt by the Trustee of indemnity satisfactory to it. The Trustee may charge the owner of such Bond with its reasonable fees and expenses in this connection. The Issuer shall cooperate with the Trustee in connection with the issue of replacement Bonds, but nothing in this section shall be construed in derogation of any rights which the Issuer or the Trustee may have to receive indemnification against liability, or payment or reimbursement of expenses, in connection with the issue of a replacement Bond.

Every substituted Bond issued pursuant to this section shall constitute an additional contractual obligation of the Issuer, whether or not the Bond alleged to have been mutilated, destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are, to the extent permitted by law, exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and preclude any and all other rights or remedies.

Section 208. Temporary Bonds. Pending preparation of definitive Bonds or by agreement with the purchasers of all Bonds, the Issuer may issue and, upon the Issuer's request, the Trustee shall authenticate, in lieu of definitive Bonds, one or more temporary printed or typewritten Bonds in any Authorized Denominations and of substantially the tenor recited above. Upon request of the Issuer, the Trustee, without any additional charge to the Owners thereof, shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

Section 209. Cancellation and Destruction of Surrendered Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, for payment of the principal amount represented thereby, or for replacement pursuant to Sections 203, 207, 208 or Article VI, such Bond shall be promptly cancelled and cremated or otherwise destroyed by the Trustee in accordance with its usual and customary practices.

Section 210. Delivery of the Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to the purchasers as directed by the Issuer as hereinafter in this section provided.

Prior to the delivery by the Trustee of any of the Bonds there shall have been filed with the Trustee:

(a) A copy, duly certified by the Issuer, of the Resolution.

(b) Original executed counterparts of this Indenture, the Loan Agreement, the Letter of Credit, the Mortgage Note, the Regulatory Agreement, the Tax Certificate and the Remarketing Agreement.

(c) An opinion of Bond Counsel that the issuance of the Bonds and the execution of this Indenture have been duly and validly authorized, that all requirements under this Indenture precedent to the delivery of the Bonds have been satisfied, and that the Bonds and the Indenture are valid and binding obligations, enforceable against the Issuer in accordance with their terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally and subject also to the application of equitable principles if equitable remedies are sought) and that, subject to such assumptions and qualifications as Bond Counsel may deem appropriate, the interest on the Bonds is exempt from federal income taxes.

(d) A request and authorization to the Trustee on behalf of the Issuer to authenticate and deliver the Bonds to the purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization. The proceeds of such payment shall be transferred and deposited pursuant to Article III and as indicated in such request and authorization.

(e) An opinion of Counsel to the Borrowers substantially to the effect (i) that the Borrowers have duly authorized, executed and delivered the Mortgage Loan Documents and that, assuming due authorization, execution and delivery by the other parties thereto, such instruments constitute legal, valid and binding obligations of the Borrowers, enforceable in accordance with their terms, subject to customary exceptions relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (ii) that the Regulatory Agreement constitutes a legal, valid and binding restriction on the use of the Project and the recordation thereof will subject the Project to the covenants, restrictions and reservations intended to run with the Project as set forth in the Regulatory Agreement subject to customary exceptions relating to the bankruptcy, insolvency, organization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(f) An opinion or opinions of counsel to the Bank to the effect that (1) the Bank has full power and authority to execute, deliver and perform its obligations under the Letter of Credit, (2) the Letter of Credit has been duly authorized, executed and delivered by the Bank, and (3) the Letter of Credit is the valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms, except insofar as its enforceability may be limited by any insolvency or similar proceedings applicable to the Bank, or by proceedings affecting generally the rights of the Bank's creditors; provided, however, that for purposes of this Subparagraph (f), with respect to the Initial Letter of Credit, Bank shall refer to the Initial Letter of Credit Bank.

(g) Prepared and executed Bond form dated the Closing Date.

Section 211. Additional Bonds; Additional Indebtedness. Without the consent of or notice to the Bondowners, the Issuer may issue additional bonds having a parity of lien on the Trust Estate at the request of the Borrowers with (1) the prior written consent of the Bank, Substitute Bank or issuer of an Alternate Credit Facility and written confirmation from the Bank,

Substitute Bank or the issuer of an Alternate Credit Facility delivered to the Trustee and the Issuer to the effect that the Letter of Credit or Alternate Credit Facility has been increased in Coverage Amount, or a separate Alternate Credit Facility has been provided, to provide credit enhancement and, if necessary, liquidity support, for the Bonds and additional bonds and (2) prior written confirmation from the Rating Agency that the rating on the Bonds will not be reduced or withdrawn solely as a result of the issuance of any such additional bonds. If additional bonds are issued pursuant to this Section 211, all references in this Indenture to the Bonds shall be deemed to refer to the Bonds and any additional bonds.

Without the consent of or notice to the Bondowners, the Borrowers may incur additional indebtedness and may grant liens to secure such additional indebtedness on collateral other than the Trust Estate; provided, however, that nothing in this Section 211 shall alter any requirement in any reimbursement or similar credit agreement between the Borrowers and the Bank, Substitute Bank or issuer of any Alternate Credit Facility, including, without limitation, the Reimbursement Agreement, to obtain the written consent of such entity to the incurring of such additional indebtedness or the granting of such liens.

Section 212. Recycling Transactions. Notwithstanding any provision of this Indenture or the Bonds to the contrary, the Issuer shall be permitted to direct Mortgage Note prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to prepay a like portion of the Bonds, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of the Bonds. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

## ARTICLE III
## REVENUES AND FUNDS

Section 301. Source of Payment of Bonds. The Bonds and all payments required of the Issuer hereunder are not and shall never become general obligations of the Issuer, but are special, limited obligations payable solely and only from the Revenues and Funds and Accounts pledged in the Granting Clauses hereof, and as authorized by the Act and provided herein.

Section 302. Creation of Funds and Accounts. The following Funds and Accounts of the Issuer are hereby created and established with the Trustee:

(a) the Mortgage Loan Fund;

(b) the Cost of Issuance Fund;

(c) the Debt Service Fund; and

(d) the Insurance and Condemnation Proceeds Fund (which need not be established by the Trustee until deposits are required to be made therein).

Each Fund and Account shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in this Indenture. All moneys deposited in the Funds and Accounts shall be used solely for the purposes set forth in this Indenture. The Trustee shall keep and maintain adequate records pertaining to each Fund and Account, and all disbursements therefrom.

The Trustee shall be entitled to establish other trust funds and accounts, including but not limited to the Letter of Credit Proceeds Account, an account for the deposit of proceeds from remarketing pursuant to Section 404 hereof, and a Seasoned Funds Account in the Debt Service Fund and a Rebate Fund, as the Trustee shall deem necessary in order to properly administer the Trust Estate.

Section 303. Initial Deposits. On Bond Closing, the Trustee shall deposit the proceeds received from the initial draw on the Bonds, together with money, if any, received from the Issuer and Borrowers, in accordance with Exhibit B hereto. Thereafter, on each subsequent Draw Down Date, proceeds of the Bonds in an amount equal to the Draw Down Amount shall be delivered to the Trustee and deposited into the Mortgage Loan Fund.

Section 304. Mortgage Loan Fund. The Trustee shall deposit into the Mortgage Loan Fund the amounts received pursuant to Exhibit B hereto. On each Draw Down Date thereafter, the Trustee shall deposit into the Mortgage Loan Fund the amounts received on each Draw Down Date. Such moneys and the investment earnings thereon shall be held by the Trustee in trust and shall be applied or disbursed in accordance with this section, Section 602(a)(i) and the Loan Agreement.

(a) In accordance with Section 4.2(a) of the Loan Agreement, the Trustee shall disburse amounts from the Mortgage Loan Fund pursuant to Funding Requisitions (as defined in the Loan Agreement) in substantially the form attached as an exhibit to the Loan Agreement.

(b) Amounts remaining in the Mortgage Loan Fund on the Completion Date shall be used to redeem Bonds as described in Section 602(a).

(c) Amounts in the Mortgage Loan Fund shall be invested only in Permitted Investments as described in instructions from the Borrowers and approved by the Bank.

Section 305. Cost of Issuance Fund. On Bond Closing, the Trustee shall deposit into the Cost of Issuance Fund the amounts required by Exhibit B hereto. Moneys on deposit in the Cost of Issuance Fund shall be applied to pay Issuance Costs set forth in a closing memorandum prepared by the Underwriter and approved by the Issuer, or otherwise approved by the Issuer. Any moneys remaining in the Cost of Issuance Fund on the 60th day following Bond Closing and not reasonably expected to be necessary for the payment of any expenses hereunder or costs of issuance of the Bonds shall be transferred at the direction of the Borrowers and the Cost of Issuance Fund shall be closed; provided, that any requests for payments of additional fees and costs incurred in connection with the issuance of the Bonds received after the 60th day following Bond Closing shall be immediately paid for by the Borrowers. The Cost of Issuance Fund may be reopened if required under Section 202(f) and closed again by the 60th day thereafter subject to the requirements of this paragraph. Notwithstanding anything to the contrary contained herein, all interest earnings from investment of amounts deposited in the Cost of Issuance Fund shall be remitted to the Issuer on a periodic basis (not less than once every month).

Moneys in the Cost of Issuance Fund shall be invested only in Permitted Investments as described in subsection (viii) of such definition.

Section 306. Debt Service Fund. Money on deposit in the Debt Service Fund shall be applied solely to pay the principal of and premium, if any, and interest on the Bonds as the same shall become due and payable, subject to the provisions of Section 309(d).

(a) Payments of Interest. The Trustee shall deposit into the Debt Service Fund (i) funds received from an interest draw on the Letter of Credit other than upon a remarketing in accordance with Section 309(c) and (ii) upon any failure of the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) to honor a properly presented and conforming draw on the Letter of Credit, any other Revenues received by the Trustee and available to pay interest on the Bonds, in that order of priority, in an amount sufficient to pay the interest becoming due and payable on the Bonds on the next Interest Payment Date. On each scheduled Interest Payment Date, the Trustee shall remit in accordance with Section 202 to the Bondowners as of the Record Date for such interest payment, an amount from the Debt Service Fund sufficient to pay the interest on the Bonds becoming due and payable on such date.

(b) Payments of Principal. The Trustee shall deposit into the Debt Service Fund from (i) funds received from a principal draw on the Letter of Credit other than upon a remarketing, and (ii) upon any failure of the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) to honor a properly presented and conforming draw on the Letter of Credit, any other Revenues received by the Trustee and available to pay principal of and premium, if any, on the Bonds, in an amount sufficient to pay the principal of and premium, if any, on the Bonds on the next Interest Payment Date. On each date on which any principal becomes payable on the Bonds, the Trustee shall set aside and hold in trust, an amount from the Debt Service Fund sufficient to pay the amount of principal of the Bonds becoming due and payable on such date.

(c) Seasoned Funds Account. If the Borrowers deposit with the Trustee moneys to be used to pay the redemption premium on the Bonds in accordance with Section 602(b), the Trustee shall establish a Seasoned Funds Account in the Debt Service Fund and a separate subaccount therein for each such deposit. Moneys on deposit in the Seasoned Funds Account that represent Seasoned Funds shall be transferred to the Debt Service Fund to the extent necessary to pay the premium, if any, on the Bonds as the same become due and payable by redemption. Such moneys shall be paid to the Bondowners only if they constitute Seasoned Funds. Any excess moneys in the Seasoned Funds Account shall be paid to the Borrowers.

(d) Insurance and Condemnation Proceeds. Insurance and Condemnation Proceeds to be applied to the redemption of Bonds pursuant to Section 5.7(a) of the Loan Agreement and Section 602(a)(v) hereof shall be deposited in the Debt Service Fund.

Section 307. Rebate Fund. If the Trustee receives amounts determined in accordance with the Tax Certificate to be a Rebate Amount, the Trustee shall establish a Rebate Fund and deposit such amounts therein. The Trustee shall withdraw such amounts to pay the Rebate Amount required to be paid to the United States of America as specified in writing by the Rebate Analyst, Bond Counsel or the Issuer. The Trustee shall not be responsible for calculating Rebate Amounts, for the adequacy or correctness of any rebate report, or for enforcing compliance with rebate filing or reporting requirements.

Section 308. Insurance and Condemnation Proceeds Fund. Insurance and Condemnation Proceeds paid to the Trustee by the Borrowers pursuant to Section 5.7(a) of the Loan Agreement to be applied to the repair, replacement, restoration or improvement of the Project are to be held in the Insurance and Condemnation Proceeds Fund. Insurance and Condemnation Proceeds held in the Insurance and Condemnation Proceeds Fund are to be disbursed by the Trustee for the repair, replacement, restoration or improvement of the Project or

any portion thereof, pursuant to one or more Funding Requisitions in the form attached to the Loan Agreement; provided that if requested in writing by the Borrowers Representative, the Trustee is to retain an amount designated by the Borrowers Representative, but not to exceed ten percent (10%) of the requested disbursements, to be disbursed upon final completion of the repairs, replacements, restoration or improvements as certified by an independent architect and receipt of an endorsement to the title policy or policies for the Project insuring the continued priority of the lien of the Deed of Trust.

Section 309. Letter of Credit and Drawings Thereunder.

(a) The Letter of Credit shall be held by the Trustee and drawn upon in accordance with its terms consistent with the provisions of this Indenture, and specifically by such means and manner specified in the Letter of Credit as shall be sufficient to enable the Trustee to receive funds therefrom on or before the dates such funds are required for the purposes hereof. Moneys derived from draws upon the Letter of Credit shall be deposited in the Letter of Credit Proceeds Account of the Debt Service Fund and held segregated from other funds, and applied by the Trustee to pay the principal of and interest on the Bonds, including upon any optional or mandatory redemption, or to pay the Purchase Price of Bonds tendered in accordance with Section 202(f), 202(h), 310(f) or 315 hereof.

(b) The Trustee shall draw moneys under the Letter of Credit in accordance with the terms thereof in order to provide the moneys necessary to make timely payments of the principal of and interest on the Bonds (other than Bank Bonds) on each Interest Payment Date or redemption date, as applicable. Payments of principal of and interest on the Bonds shall be paid from the following sources in the following order of priority: (i) proceeds of draws on the Letter of Credit and (ii) in the event that the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has failed to honor a properly presented and conforming draw on the Letter of Credit, any other available Revenues paid to the Trustee; provided, that money received as draws on the Letter of Credit shall not be commingled with other money held under this Indenture.

In accordance with the preceding paragraph, the Trustee shall draw moneys under the Letter of Credit to make payments on the Bonds on the Interest Payment Date or the redemption date, as applicable, by 3:00 p.m. New York City time one Business Day prior to each Interest Payment Date or any other date fixed for payment of the Bonds pursuant to Section 602 or Section 802, in an amount which is sufficient to pay the principal of and/or interest becoming due and payable on the Bonds on such date.

(c) The Trustee shall draw on the Letter of Credit by 11:30 a.m. New York City time on each Demand Date, in an amount sufficient to pay the Purchase Price of any Bonds (other than Bank Bonds or Bonds owned by the Borrowers to the extent known by the Trustee) tendered or deemed tendered pursuant to Section 202(f), 202(h), Section 310(f) or Section 315 for which it has not received remarketing proceeds by 11:00 a.m. New York City time; provided, that in the case of a tender for a Substitute Letter of Credit or Alternate Credit Facility, such draw shall be made on the existing Credit Facility.

(d) If, on an Interest Payment Date or redemption date, the Trustee holds funds in the Debt Service Fund representing proceeds of a draw on the Letter of Credit that are not needed for the purpose of such draw, the Trustee shall promptly remit such funds to the Bank.

(e) The Trustee shall send to the Borrowers a copy or a summary of any documents which are presented to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) in connection with a drawing on the Letter of Credit concurrently with its submission of those documents to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank); provided, however, that failure or delay in so doing shall in no way affect the validity of such drawing on the Letter of Credit.

(f) If the Letter of Credit is extended, the Borrowers shall deliver to the Trustee the amended Letter of Credit showing the extension of the expiration date, no later than 15 calendar days prior to such regularly scheduled Interest Payment Date immediately preceding the expiration date of such Letter of Credit.

(g) Except as provided in Section 310(e) or in exchange for an Alternate Credit Facility or an extended or modified Letter of Credit, the Trustee shall not surrender the Letter of Credit to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) except upon termination of the Letter of Credit in accordance with its terms.

Section 310. Substitute Letter of Credit.

(a) On any Business Day while the Bonds bear interest at a Variable Rate, on the Fixed Rate Conversion Date, upon receipt by the Trustee of written notice of an Act of Bankruptcy of Bank or a Determination of Unenforceability, or on the regularly scheduled Interest Payment Date immediately prior (but in no case less than five Business Days prior) to the stated expiration date of the Letter of Credit while the Bonds bear interest at a Fixed Rate, the Borrowers may, in accordance with this Section 310, provide the Trustee with a Substitute Letter of Credit meeting the requirements of this Section. The Bonds shall be subject to mandatory tender as described in Section 310(f) on any Substitution Date.

(b) Any Substitute Letter of Credit must satisfy the following criteria:

(1) Any Substitute Letter of Credit shall be an irrevocable, transferable direct pay letter of credit of the Bank, or a Substitute Bank. On any date, the Substitute Letter of Credit shall be in an amount not less than the Coverage Amount. The Substitute Letter of Credit shall contain a provision permitting drawings thereunder to pay principal or Purchase Price of and interest on the Bonds on the scheduled dates for payment of such amounts or upon maturity, redemption or acceleration, shall provide for automatic reinstatement of the interest amount thereof following any drawing thereunder to pay interest on the Bonds, and shall be effective not later than the date of the scheduled expiration or termination of the then-effective Letter of Credit.

(2) While the Bonds bear interest at a Variable Rate, any Substitute Letter of Credit shall expire no earlier than one year from its issuance; provided, that the expiration date need not be longer than 15 days after the final maturity of the Bonds.

Upon or after Conversion to a Fixed Rate, any Substitute Letter of Credit shall expire no earlier than the soonest of:

(i) the expiration date of any then-existing Letter of Credit; or

(ii) 15 days after the final maturity of the Bonds.

In addition, the expiration date of any Substitute Letter of Credit must, in any event, be at least 15 days after a scheduled Interest Payment Date.

(3) Any Substitute Letter of Credit shall provide for payment of principal of and interest on the Bonds upon an optional redemption pursuant to Section 602(b) if, during the term of such Substitute Letter of Credit, the Mortgage Note is subject to optional prepayment pursuant to Section 5.4 of the Loan Agreement.

(c) In connection with any Substitute Letter of Credit, the Borrowers shall deliver to the Trustee the documents required by Section 310(d) no later than 15 days before the Substitution Date.

(d) Prior to accepting delivery of the Substitute Letter of Credit:

(1) the Trustee shall receive an opinion of Counsel to the effect that the Substitute Letter of Credit is the valid and binding obligation of the issuer thereof, enforceable against the issuer in accordance with its terms, except insofar as its enforceability may be limited by any insolvency or similar proceedings applicable to the issuer thereof or by proceedings affecting generally the rights of the issuer's creditors;

(2) the Trustee shall receive written evidence from the Rating Agency that issuance of the Substitute Letter of Credit will not result in a rating on the Bonds of less than the third highest rating category of the Rating Agency; provided, that the Executive Director of the Issuer may, by his written consent and in his sole discretion, permit the Bonds to receive a rating lower than the third highest rating category of the Rating Agency if such lower rating is not lower than the rating on the Bonds prior to the substitution; and

(3) the Trustee, the Issuer and the Remarketing Agent shall receive an opinion of Bond Counsel to the effect that provision of such Substitute Letter of Credit will not cause the interest on the Bonds to be included in gross income under federal tax law.

(e) Simultaneously with accepting delivery of the Substitute Letter of Credit and after payment by the Bank of all outstanding draws on the expiring or terminating Letter of Credit, the Trustee shall deliver the then expiring or terminating Letter of Credit to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank).

(f) The Bonds shall be subject to mandatory tender in whole on any Substitution Date. The Trustee shall give written notice of the substitution of the Letter of Credit to all Owners, by first-class mail, postage prepaid, no later than ten days prior to the Substitution Date. Such notice shall (1) specify the Substitution Date, (2) identify the issuer of the Substitute Letter of Credit or Alternate Credit Facility, (3) state that from and after the Substitution Date the Bonds held by the Registered Owner will cease to bear interest, (4) state that all of the Bonds are subject to mandatory tender on the Substitution Date for purchase at the Purchase Price and that any Bonds not delivered to the Trustee on the Substitution Date will be deemed to have been delivered on such Substitution Date and shall be available for purchase. Any Bond not tendered for purchase on the Substitution Date shall be deemed to have been tendered for purchase, and shall cease to accrue interest on such date.

Section 311. Final Balances. Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bonds, and upon satisfaction of all claims against the Issuer hereunder or under the Loan Agreement, including all fees, charges and

expenses of the Trustee and the Issuer which are properly due and payable hereunder or under the Loan Agreement, or upon the making of provisions satisfactory to the Trustee for the payment of such amounts as permitted hereby, all moneys remaining in all Funds and Accounts, except moneys necessary to pay principal of, premium, if any, and interest on the Bonds, which moneys shall be held and disbursed by the Trustee pursuant to Section 312, and moneys in the Rebate Fund necessary to pay any Rebate Amount, shall be remitted to the Bank to pay any outstanding obligations owing to the Bank, and after written confirmation from the Bank that such obligations have been paid, to the Borrowers.

Section 312. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, and if funds sufficient to pay the principal thereof and the interest accrued thereon to such date have been made available to the Trustee for the benefit of the owner thereof, the Trustee shall hold such principal and interest accrued thereon to such date without liability to the Bondowner for further interest thereon, for the benefit of the Owner of such Bond, for a period of five years from the date such Bonds shall have become due, either at maturity or upon earlier redemption, and thereafter the Trustee shall remit those funds in accordance with the Uniform Unclaimed Property Act, RCW 63.29, as amended, or its successor. In the event the Uniform Unclaimed Property Act, as amended, or its successor, should require by law other action to be taken by the Trustee, then the Trustee shall comply with such law and this section shall be deemed amended. After the payment in accordance with the Uniform Unclaimed Property Act as herein provided, the Trustee's liability for payment to the Owner of such Bond shall forthwith cease, terminate and be completely discharged, and thereafter the Owner shall be restricted exclusively to his or her rights of recovery, if any, under the Uniform Unclaimed Property Act.

Section 313. Alternate Credit Facility. The Borrowers may, at the times permitted by Section 310(a), provide the Trustee with an Alternate Credit Facility meeting the applicable requirements (except that it need not be in the form of a letter of credit) of Section 310 with respect to a Substitute Letter of Credit provided pursuant to Section 310. The Bonds shall be subject to mandatory tender as described in Section 310(f) on any Substitution Date.

The Trustee is authorized to enter into a Supplemental Indenture in accordance with Article X to provide for the substitution of such Credit Facility.

Section 314. Annual Sweep of Excess Funds. The balance on deposit in the Debt Service Fund on the _____ Interest Payment Date of each year following (1) the honoring of the draw on the Letter of Credit with respect to payments of principal and interest on the Bonds and (2) the payment of such principal of and interest on the Bonds when due and payable shall be transferred by the Trustee to the Borrowers.

Section 315. Mandatory Tender Upon Certain Events.

(a) The Bonds bearing interest at a Variable Rate shall be subject to mandatory tender at price equal to the principal amount of the Bonds to be tendered plus accrued interest thereon to the date fixed for mandatory tender as follows:

(i) The Bonds shall be subject to mandatory tender in whole, as soon as practicable but not later than a Business Day occurring not later than five days following receipt by the Trustee of written notice from the Bank of an Event of Default as defined in and under the Reimbursement Agreement.

(ii) The Bonds shall be subject to mandatory tender in whole, as soon as practicable but not later than the fifth Business Day prior to the stated expiration or termination of the Letter of Credit if, within 60 days after an Act of Bankruptcy of Bank or a Determination of Unenforceability, the Borrowers do not cause to be delivered to the Trustee a Substitute Letter of Credit or Alternate Credit Facility satisfying the requirements of Sections 310 or 313, respectively; provided, that upon any acceleration of the Bonds such 60-day period shall cease.

(iii) The Bonds shall be subject to mandatory tender in whole, as soon as practicable but not later than the fifth Business Day prior to the termination of the Letter of Credit, upon receipt by the Trustee of a Tax Counsel No Adverse Effect Opinion delivered pursuant to Section 602(a)(iii) hereof.

## ARTICLE IV
## PURCHASE AND REMARKETING OF BONDS

Section 401. Remarketing Agent. The Issuer shall, with the consent of the Borrowers and the Bank, appoint a Remarketing Agent for the Bonds, subject to the conditions set forth in Section 402, pursuant to the Remarketing Agreement. The initial Remarketing Agent shall be Stifel, Nicolaus & Company, Incorporated. The Remarketing Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by execution of the Remarketing Agreement. The Remarketing Agent shall, and shall agree in the Remarketing Agreement to, do each of the following:

(a) act as agent for the Borrowers in the remarketing of tendered Bonds;

(b) notify the Trustee, the Borrowers and the Bank of the Variable Rate determined in accordance with Section 202(e) and the Fixed Rate determined in accordance with Section 202(g), and make such other notifications as may be required by the Remarketing Agreement, each such notification to be in writing or by telex, telecopier, email or other communication device acceptable to the parties which produces a written record thereof, or by telephone confirmed within one Business Day by any such written communication;

(c) keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer, the Trustee, the Bank and the Borrowers and their agents at all reasonable times;

(d) perform the duties and comply with the provisions set forth in Sections 402 through 405, inclusive; and

(e) upon request of the Issuer, the Bank, the Borrowers or the Trustee, furnish from time to time copies of its financial statements as filed with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc.

Section 402. Qualifications of Remarketing Agent.

(a) Any successor Remarketing Agent must be a national banking association or a member of the National Association of Securities Dealers, Inc., having a capitalization of at least $500,000,000, remarketing not less than $1,000,000,000 of tax exempt obligations at the

time of executing the Remarketing Agreement and authorized by law to perform all the duties imposed upon it by this Indenture and the Remarketing Agreement.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' written notice to the Issuer, the Borrowers, the Bank and the Trustee.

(c) The Remarketing Agent may be removed at any time, and a successor Remarketing Agent appointed at the request of the Borrowers or the Bank, upon delivery to the Trustee, the Issuer and the Remarketing Agent of an instrument requesting such removal and appointment signed by the requesting entity. If such removal and appointment is requested by the Borrowers, the Bank's and the Issuer's written approval (which shall not be unreasonably withheld) shall be required. If such removal and appointment is requested by the Bank, the Borrowers' and the Issuer's written approval (which shall not be unreasonably withheld) shall be required. Within 30 days after receipt of such filing, the Trustee shall confirm in writing to the successor Remarketing Agent, the Bank, the Borrowers and the Issuer that such removal has been approved and the successor Remarketing Agent has been appointed. No removal of the Remarketing Agent shall be effective until a successor is appointed and has accepted such appointment.

(d) If the Remarketing Agent fails to remarket Bonds in accordance with the Remarketing Agreement, the Borrowers have the right to immediately remove the Remarketing Agent and appoint a successor; provided, that the Issuer and the Bank must affirm such selection within three Business Days of receipt of notice provided by the Borrowers of such selection. Failure to affirm within three Business Days of receipt of such notice shall be deemed approval. If the Bank or the Issuer objects to the selection, the Borrowers shall select another Remarketing Agent subject to the same approval process; provided, however, that the prior Remarketing Agent shall continue to serve as Remarketing Agent pending selection of a successor.

(e) In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor.

(f) The Trustee shall provide notice to the Bondowners and the Bank of any appointment of any successor Remarketing Agent known to the Trustee.

Section 403. Remarketing of Bonds. Except as provided in the following paragraph of this Section 403, upon delivery of a Tender Notice to the Remarketing Agent in accordance with Sections 202(f), 202(h), or 310(f) or upon notice to the Remarketing Agent of a mandatory tender of Bonds hereunder (subject to requirements of Section 407), the Remarketing Agent shall offer for sale and use its best efforts to sell such Bonds, any such sale to be made on the Demand Date, at a price equal to the Purchase Price; provided that Bonds may not be remarketed to the Issuer, the Borrowers, any guarantor or member of the Borrowers or an affiliate of the Borrowers and may not be remarketed if an Event of Default has occurred and is continuing. If Bonds are in book-entry form, the Remarketing Agent shall give facsimile or email notice, promptly confirmed by mailing such notice, to the Trustee, by 11:00 a.m., New York City time, on the Demand Date in the case of Weekly Rate Bonds and by 11:00 a.m., New York City time, on the Demand Date in the case of Daily Rate Bonds (the "Book Remarketing Date"), specifying the names, addresses, and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, such Bonds, if any, for which it has found purchasers as of such Book

Remarketing Date and the Purchase Price at which the Bonds are to be sold (which shall be at least par and which shall include accrued interest to the Demand Date). If Bonds are in certificated form, the Remarketing Agent shall give facsimile or email notice, promptly confirmed by mailing such notice, to the Trustee, by 4:00 p.m., New York City time, two Business Days before the Demand Date in the case of Weekly Rate Bonds or Daily Rate Bonds (the "Certificated Remarketing Date"), specifying the names, addresses, and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, such Bonds, if any, for which it has found purchasers as of such Certificated Remarketing Date and the Purchase Price at which the Bonds are to be sold (which shall be at least par and which shall include accrued interest to the Demand Date). The Remarketing Agent shall instruct such purchasers to deliver to it, on or before the Demand Date, in same day funds, the amount required to purchase such Bonds. Upon receipt by the Trustee of such amount from the Remarketing Agent pursuant to the Remarketing Agreement and, if the Bonds are in certificated form, receipt by the Trustee, pursuant to Sections 202(f), 202(h), 310(f), or 315 of the Bonds to be purchased on such Demand Date in good form for delivery, the Trustee, as Bond Registrar, shall transfer the registered ownership of the Bonds to the respective purchasers, and will deliver such Bonds for such transfer and delivery to the transferee. The Trustee shall remit the Purchase Price of such Bonds to the tendering Bondowner or Bondowners entitled to the same as provided in Sections 202(f), 202(h), 310(f) or 315.

If any purchaser that has been identified by the Remarketing Agent to the Trustee shall fail to pay the Purchase Price for any Bonds prior to 11:00 a.m., New York City time, on the Demand Date, the Remarketing Agent is not obligated to accept delivery of that amount.

Section 404. Purchase of Bonds Not Remarketed. In the event that a Tender Notice has been given or a mandatory tender has been declared, the Remarketing Agent shall deliver to the Trustee no later than 11:00 a.m., New York City time, on the Demand Date funds received from the remarketing of Bonds and the Trustee shall on the Demand Date with respect to Daily Rate Bonds and Weekly Rate Bonds, within the time required by Section 309(c), draw on the Letter of Credit in an amount sufficient to pay the Purchase Price of any Bond for which the Trustee is not holding the Purchase Price. On each Demand Date the Trustee shall pay to the Registered Owners thereof, as provided in Section 202(f), 202(h), 310(f), 315 or any other applicable provision hereof, but only from amounts representing remarketing proceeds transferred by the Remarketing Agent to the Trustee or draws under the Letter of Credit the Purchase Price of any tendered Bonds for which it has received a Tender Notice or for which a mandatory tender has been declared. Such payments shall be made first from amounts representing remarketing proceeds and second from draws under the Letter of Credit, in that order. Any amounts drawn under the Letter of Credit to purchase Bonds shall be used solely for such purpose. If there are excess proceeds drawn under the Letter of Credit which are not needed to purchase Bonds, the Trustee shall return such excess to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank). Any Bonds so purchased with amounts drawn under the Letter of Credit by the Trustee shall be registered as provided in Section 405. If the Bonds are in certificated form, the Trustee, as Bond Registrar, shall transfer the registered ownership of such Bonds purchased with amounts drawn under the Letter of Credit to the Bank.

Moneys held by the Remarketing Agent as remarketing proceeds upon nonpresentment of certificated Bonds shall be transferred to the Trustee and handled as unclaimed moneys pursuant to Section 312 hereof. Draws on the Letter of Credit shall not be invested; provided that remarketing proceeds held by the Trustee shall be held separate and apart from proceeds of

draws on the Letter of Credit and Seasoned Funds in special accounts established for such purpose.

Section 405. Delivery of Purchased Bonds. If Bonds are in certificated form:

(a) Variable Rate Bonds remarketed by the Remarketing Agent pursuant to Section 403 shall be cancelled by the Trustee, and Bonds of like aggregate principal amount shall be reregistered by the Trustee in the names and shall be in Authorized Denominations set forth in the notice given to the Trustee by the Remarketing Agent pursuant to Section 403, and shall thereupon be delivered to the purchasers thereof.

(b) Variable Rate Bonds purchased pursuant to Section 404 with moneys derived from a draw on the Letter of Credit shall not be sold by the Remarketing Agent, but shall be registered by the Trustee in the name of the Bank and shall be held by the Trustee on behalf of the Bank. Upon the written notice from the Remarketing Agent to the Bank of its receipt of the Purchase Price of any Bond so registered in the name of the Bank, the Trustee shall transfer the registration thereof to the purchaser to whom such Bond has been remarketed and shall deliver the Purchase Price paid by the Bank for such Bond to the Bank; provided, that no such transfer of ownership from the Bank shall occur unless and until the Trustee has received written notice from the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) that the Letter of Credit has been reinstated to the Coverage Amount.

Section 406. Dealing in Bonds. Each of the Bank, the Trustee or the Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action that any Bondowner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, the Bank or the Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer, the Borrowers or the Bank, and may act as depositary, trustee or agent for any committee or body of Bondowners secured hereby or other obligations of the Issuer as freely as if it did not act in any capacity hereunder. It is expressly understood that the Trustee in carrying out its duties hereunder shall be acting as a conduit with respect to deliveries of Bonds for purchase and purchases pursuant to Section 404. Notwithstanding anything herein to the contrary, the Bank may only cause Bank Bonds to be transferred in whole or in part in accordance with the Reimbursement Agreement and all applicable state and federal securities laws, provided that any such transfer shall be subject to receipt by the Trustee of a Transferee Representation Letter in the form attached hereto as Exhibit C.

Section 407. Certain Restrictions on Remarketing. No Bond shall be remarketed following a mandatory tender pursuant to Section 315 hereof unless the Letter of Credit is reinstated or a Substitute Letter of Credit or Alternate Credit Facility is provided with respect to the Bonds meeting the requirements of Sections 310 or 313 hereof; provided, that, with respect to a remarketing of Bonds subject to mandatory tender pursuant to Section 602(a)(iii), the opinion required by Section 310(d)(3) shall not be required if the Bonds are not being remarketed as Tax-Exempt, and in connection with such remarketing, any representations of the Issuer and the Borrowers in the Mortgage Loan Documents relative to maintaining the Tax-Exempt status of the Bonds shall be of no further force and effect.

## ARTICLE V
## INVESTMENT OF MONEYS

Section 501. Investment of Moneys. Moneys in all Funds and Accounts, except as provided in Sections 304, 305, 312, 404 and 1201 or as otherwise provided herein, shall be continuously invested and reinvested by the Trustee, at the written direction of the Borrowers with the Bank's consent, as practicable and as provided in this Section 501, until such time or times as said moneys shall be needed for the purposes for which they were deposited. Moneys on deposit in all Funds and Accounts may be invested only in Permitted Investments; provided, that (i) amounts held in the Debt Service Fund representing draws on the Letter of Credit or remarketing proceeds shall remain uninvested, and (ii) amounts otherwise held in the Seasoned Funds Account shall be either (1) held as cash or (2) invested and reinvested by the Trustee at the written direction of the Borrowers, only in Government Obligations or in a money market fund meeting the requirements of clause (viii) of the definition of Permitted Investments. Except with respect to amounts held pursuant to Article XII, direct investments in Government Obligations shall have a maturity of 30 days or less. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment made in accordance with the provisions of this Section 501. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter.

The Trustee shall sell and reduce to cash a sufficient amount of investments in a Fund or Account whenever the cash balance therein is insufficient to pay the amounts required to be paid therefrom. The Trustee may transfer investments from any Fund or Account to any other Fund or Account in lieu of cash when a transfer is required or permitted by the provisions of this Indenture.

In computing the amount of any Fund or Account, Permitted Investments purchased as an investment of moneys therein shall be valued at the then market value of such obligations, excluding any accrued interest. If the market value of such obligations is not readily available, the Trustee shall determine the value of such obligations in any reasonable manner.

The Trustee may make any and all investments permitted by the provisions of this Section 501 through its own investment department or that of its affiliates. As and when any amount invested pursuant to this Article may be needed for disbursement, the Trustee may cause a sufficient amount of such investments to be sold and reduced to cash to the credit of such funds. The Issuer acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of security transactions, the Issuer waives receipt of such confirmations. The Trustee shall furnish to the Issuer periodic statements which shall include detail of all investment transactions made by the Trustee.

Section 502. Earnings and Losses. Subject to the restrictions hereinafter set forth in this Article V, all capital gains, profits and interest earnings resulting from the investment of moneys in all Funds, including any Accounts thereof, shall be deposited into, and any loss of principal value resulting from the investment of moneys in any Fund or Account and any expenses incurred in making or disposing of investments shall be charged, when incurred, to the Fund or Account from which such investments were made.

Section 503. Tax Covenants.

(a) The Issuer shall not use or knowingly permit the use of any proceeds of the Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, that would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code.

(b) The Issuer covenants with all Bondowners of Bonds that are from time to time Outstanding that so long as any of the Bonds remain Outstanding, moneys on deposit with the Trustee under this Indenture, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other source, will not knowingly be used in a manner that will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and any regulations proposed or promulgated thereunder, as the same exist on this date, or may from time to time hereafter be amended, supplemented or revised; provided, however, that the Issuer will rely upon certain certificates of the Borrowers as to arbitrage.

(c) The Issuer will pay the Rebate Amount, if any, to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the federal income tax exemption for interest payments on the Bonds, in accordance with the Tax Certificate.

(d) During the period in which amounts are on deposit in the Mortgage Loan Fund, the Trustee shall report to the Issuer, the Bank and the Borrowers on a semi-annual basis, commencing six months after the Bond Closing, the amount of the disbursements made by the Trustee from the Mortgage Loan Fund in order to provide documentation of an exemption from the requirement to pay the Rebate Amount.

(e) Within 30 days after the end of every fifth Bond Year, and within 55 days after the date on which no Bonds are Outstanding, the Borrowers shall cause the Rebate Analyst to deliver to the Trustee and the Issuer a certificate stating whether any rebate payment is required to be made, as set forth in the Tax Certificate, and the Borrowers shall deliver to the Trustee any amount so required to be paid. The Trustee shall provide notice to the Borrowers, with a copy to the Issuer, thirty days prior to the due date of any such certificate that such certificate is due and shall provide notice to the Issuer if such certificate is not received within 10 days after the due date.

(f) In making the foregoing covenants and representations, the Issuer is relying on the covenants and representations of the Borrowers in the Loan Agreement and the Tax Certificate.

## ARTICLE VI
## REDEMPTION OF BONDS BEFORE MATURITY

Section 601. Limitation on Redemption. The Bonds shall be subject to redemption prior to maturity only as provided in this Article VI.

Section 602. Redemption Dates, Amounts and Prices.

(a) Mandatory Redemption. The Bonds shall be subject to mandatory redemption at a price equal to the principal amount of Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption as follows:

(i) The Bonds shall be subject to redemption in whole or in part, on the next regularly scheduled Interest Payment Date that is not less than 45 days following the Completion Date (or such extension thereof pursuant to Section 4.2(f) of the Loan Agreement), in an amount equal to the Mortgage Loan proceeds (plus any interest earnings thereon) remaining in the Mortgage Loan Fund at the close of business on such date.

(ii) The Bonds shall be subject to redemption in whole on the latest regularly scheduled Interest Payment Date that is at least five Business Days prior to the stated expiration date of the Letter of Credit, including pursuant to a voluntary termination thereof to the extent permitted by the Reimbursement Agreement (A) if the Borrowers do not cause to be delivered to the Trustee at least 45 days prior to such Interest Payment Date an extension of the then-current Letter of Credit or a commitment for a Substitute Letter of Credit or Alternate Credit Facility satisfying the requirements of Section 310 or 313 or (B) if, after the delivery of the commitment described in clause (A) hereof, the Borrowers do not cause to be delivered to the Trustee such Substitute Letter of Credit or Alternate Credit Facility, together with the documents required by Section 310 or 313 hereof, on or prior to 15 calendar days prior to such regularly scheduled Interest Payment Date.

(iii) As soon as practicable following a Determination of Taxability, the Bonds shall be subject to redemption, in whole or in part, in the amount determined by the Issuer, upon the advice of Bond Counsel, necessary to preserve the tax exempt status of interest on the Bonds; provided, that, prior to the Fixed Rate Conversion Date, upon receipt of a Tax Counsel No Adverse Effect Opinion that a mandatory tender of the Bonds, in lieu of mandatory redemption, will not adversely affect the income tax treatment of interest on the Bonds prior to the proposed mandatory redemption date, the Bonds will be subject to mandatory tender in lieu of mandatory redemption pursuant to Section 315 hereof.

(iv) After the Fixed Rate Conversion Date, the Bonds shall be subject to mandatory sinking fund redemption in accordance with the schedule to be provided to the Trustee and the Issuer by the Remarketing Agent and to become effective on the Fixed Rate Conversion Date.

(v) The Bonds shall be subject to redemption in whole or in part, on the next regularly scheduled Interest Payment Date for which notice of redemption can be given pursuant to Section 604, upon written notice to the Trustee of the determination, in accordance with Section 5.7 of the Loan Agreement, to have the Trustee draw on the Letter of Credit in the amount of any net proceeds of insurance or condemnation awards in an amount not less than $10,000 not used to repair or replace the Project or otherwise in accordance with Section 5.7 of the Loan Agreement.

(vi) After the Fixed Rate Conversion Date, the Bonds shall be subject to redemption in whole, as soon as practicable but not later than the fifth Business Day prior to the termination of the Letter of Credit, upon receipt by the Trustee of written notice from the Bank of an Event of Default as defined in and under the Reimbursement Agreement and the written direction by the Bank to have the Trustee draw on the Letter of Credit and redeem the Bonds.

(vii) After the Fixed Rate Conversion Date, the Bonds shall be subject to redemption in whole, as soon as practicable but not later than the fifth Business Day prior to the stated expiration or termination of the Letter of Credit, (A) if within 60 days after an Act

of Bankruptcy of Bank or a Determination of Unenforceability, the Borrowers do not cause to be delivered to the Trustee a commitment for a Substitute Letter of Credit or Alternate Credit Facility satisfying the requirements of Sections 310 or 313, respectively; provided, that upon any acceleration of the Bonds, such 60-day period shall cease, or (B) if, after the delivery of the commitment described in clause (A) hereof, the Borrowers do not cause to be delivered to the Trustee such Substitute Letter of Credit or Alternate Credit Facility in accordance with such commitment and Section 310(c).

(b) Optional Redemption.

(i) Prior to the Fixed Rate Conversion Date, the Bonds are subject to optional redemption, in whole or in part, without premium, on any Business Day, at a price equal to the principal amount redeemed plus interest to the redemption date, upon no less than 30 days' prior written notice given to the Trustee by the Borrowers and approved by the Bank (with a copy to the Issuer and the Remarketing Agent) in advance of such date. In the event of an optional redemption, unless otherwise approved by the Bank, Bank Bonds shall be redeemed first.

(ii) Upon and after the Fixed Rate Conversion Date, the Bonds may be redeemed upon 45 days' prior written notice from the Borrowers to the Trustee (with copy to the Issuer) in part on _____ 1 or _____ 1 or in whole on any Business Day, at a redemption schedule to be determined by the Remarketing Agent at the time of Conversion, provided, that the Trustee must receive (a) the written consent to the redemption schedule from the provider of the Letter of Credit or Alternate Credit Facility to be in effect while the Bonds are at a Fixed Rate, and (b) an opinion of Bond Counsel addressed to the Issuer, the Trustee and the Remarketing Agent to the effect that such change will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds.

In addition, Bonds may be redeemed from mandatory sinking fund payments in accordance with a Fixed Rate Conversion pursuant to Section 602(a)(iv).

The Trustee shall give notice to Bondowners of any optional redemption of Bonds in accordance with Section 604; provided, that (i) the requirements of Section 5.4 of the Loan Agreement have been met, (ii) the Bank has given its written consent if the Letter of Credit is to be drawn upon to pay the principal portion of the prepayment and (iii) if a premium is required and is not payable with proceeds of a draw on the Letter of Credit in accordance with its terms or the principal portion of the prepayment is not to be made from proceeds of the Letter of Credit, the Trustee shall have Seasoned Funds on deposit to pay such principal and/or premium prior to giving such notice. Conditional notice may be given. Such notice may be rescinded by the Trustee if funds are not available on the date fixed for redemption.

Section 603. Partial Redemption. All or a portion of any Bond may be redeemed, but only if the unredeemed portion is in a principal amount equal to an Authorized Denomination. Unless otherwise directed by the Borrowers, the Trustee shall select the Bonds to be redeemed; provided that, except with the consent of the Bank, Bank Bonds shall be redeemed first.

In the event that fewer than all Bonds Outstanding are to be redeemed while the Bonds are at a Variable Rate, the Trustee shall consider each $5,000 of principal of a Bond in excess of $100,000 of principal as a separate bond for purposes of selection and shall select the necessary number of $5,000 principal portions for redemption in a random manner. In the event that,

following this method of selecting portions of Bonds for redemption, all Bonds are at a denomination of $100,000 and an additional amount of less than $100,000 is to be redeemed, the Trustee shall select a Bond from among the remaining Bonds and redeem that single Bond in part so that following such redemption such Bond will be in an outstanding principal amount of less than $100,000, but only if the principal amount of such Bond is in a multiple of $5,000. No more than one Variable Rate Bond may have a principal amount of less than $100,000 at any time. In the event that fewer than all of the Bonds Outstanding are to be redeemed while the Bonds are at a Fixed Rate, the Trustee shall select Bonds to be redeemed in accordance with written instructions contained in a Supplemental Indenture or otherwise provided to the Trustee and the Issuer by the Remarketing Agent on the Fixed Rate Conversion Date and approved by the Borrowers.

Upon surrender of any Bond for redemption in part, the Issuer shall execute and the Trustee shall authenticate and deliver to the owner thereof a new Bond or Bonds of Authorized Denominations of the same maturity and in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Section 604. Notice of Redemption. The Trustee shall give notice of redemption pursuant to this Article VI not less than 30 days and not more than 40 days prior to the date fixed for redemption; except for notice of redemption pursuant to Section 602(a)(ii)(B), 602(a)(iii), 602(a)(vii) or 602(b)(i), which shall be given not less than 10 days prior to the date fixed for redemption, and Section 602(a)(vi) which shall be given as soon as practicable, but in no event later than the date fixed for redemption (which notice shall be deemed given when mailed). All notices of redemption pursuant to Section 602 shall be sent by first-class mail, postage prepaid, to the Bank, the Issuer, the Borrowers, the Remarketing Agent and the Registered Owner of each Bond to be redeemed at the address of such Owner as shown on the Bond Register; provided, however, that no such notice of redemption shall be mailed unless on or prior to the date of mailing the Trustee (i) is entitled to make a draw on the Letter of Credit in an amount sufficient to pay principal of, premium, if any, and interest on the Bonds on the dates set for redemption to redeem the Bonds or (ii) has received such written direction with respect to principal and interest and subject to Section 602(b), has received and has on deposit Seasoned Funds in an amount sufficient to pay the premium, if any, due upon such redemption. Neither the failure of a Bondowner to receive notice by mail nor any defect in any notice so mailed shall affect the validity of the proceedings for such redemption. Such notice shall state the redemption date, the redemption price, that accrued interest will be payable on the redemption date, the premium, if any, the place at which the Bonds are to be surrendered for payment, that from the redemption date interest on the Bonds to be redeemed will cease to accrue, and, if less than all of the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice mailed as provided in this Section 604 shall be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice.

The Trustee shall provide additional notice of redemption to Bondowners in the event Bonds are not presented for payment within sixty (60) days of the date fixed for redemption.

Any notice of optional redemption may be given on a conditional basis.

Section 605. Payment Upon Redemption. Upon presentation and surrender of any such Bonds at the Principal Office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the principal of, premium, if any, and interest on such Bonds to the extent of moneys received for such purpose.

Section 606. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 604, the Bonds or portions thereof designated for redemption shall become due and payable on the date fixed for redemption and, unless the Issuer defaults in the payment of the principal thereof, premium, if any, and interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption whether or not such Bonds are presented and surrendered for payment on such date. If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof shall continue to bear interest at the rate set forth thereon until paid or until due provision is made for the payment of same.

(b) If the Bonds are redeemed pursuant to Section 602(a)(v) and the Trustee holds any proceeds of insurance or condemnation awards, the Trustee shall, as soon as practicable following such redemption, remit to the Borrowers any such insurance or condemnation proceeds that have not been used to first reimburse the Bank for payment of a draw on the Letter of Credit to redeem the Bonds and then to redeem the Bonds.

Section 607. Purchase of Bonds. The Issuer reserves the right to direct the Trustee to acquire Bonds in the open market from amounts on deposit in the Debt Service Fund at a price that is not more than the amount required to redeem such Bonds on the next applicable redemption date. Unless the Issuer expressly directs the Trustee to cancel Bonds purchased in accordance with this Section 607, it is the intention of the Issuer that the purchase of Bonds pursuant to this Section 607 shall not constitute an extinguishment of the indebtedness of the Issuer evidenced by the Bonds so purchased or of the indebtedness of the Borrowers under the Mortgage Loan.

Section 608. Special Purchase in Lieu of Redemption.

(a) Purchase Option. If all Bonds Outstanding are called for redemption in whole under Section 602(a)(ii) or (vi), the Bonds may, in lieu of such redemption, be purchased ("Special Purchase Bonds") by the Trustee, at the written direction of either of the following (a "Special Purchaser"): (i) the Bank to the Trustee, for the account of the Bank, or (ii) any direct or indirect beneficial owner of an equity interest in either Borrower that is not a "related party" (as that term is used in Section 1.148-1(b) of the Regulations) with respect to such Borrower. Any purchase of Bonds pursuant to this Section 608 shall be in whole and not in part. Such purchase shall be made on the date the Bonds are otherwise scheduled to be redeemed (the "Special Purchase Date"). The purchase price of the Special Purchase Bonds shall be equal to the principal amount of the Special Purchase Bonds, plus accrued interest, if any, to the Special Purchase Date. If the Bank purchases Special Purchase Bonds, the payment source shall consist solely of funds to be advanced by the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) under the Letter of Credit.

(b) Special Purchase Bonds. Bonds to be purchased under Section 608(a) which are not delivered to the Trustee on the Special Purchase Date shall be deemed to have been so purchased and not redeemed on the Special Purchase Date and shall cease to accrue interest to the former owner on the Special Purchase Date. Special Purchase Bonds shall be registered in the name of the Special Purchaser. Following such purchase, the Special Purchaser shall be the owner of such Bonds for all purposes under this Indenture and interest accruing on such Bonds from and after the Special Purchase Date shall be payable solely to the Special

Purchaser. Notwithstanding anything herein to the contrary, the Special Purchase Bonds shall be deemed paid and redeemed on the date that is twelve months after the Special Purchase Date unless the Issuer agrees in writing to extend the period during which Special Purchase Bonds may remain Outstanding.

(c) Notice. Notice of the election by the Special Purchaser to purchase Bonds otherwise called for redemption under Section 608(a) shall be delivered in writing to the Trustee, the Remarketing Agent, the Borrowers, the Issuer, and the Rating Agency no later than two Business Days prior to the date otherwise scheduled for redemption of the Bonds.

(d) Bonds Remain Outstanding. It is the intention of the Issuer that the purchase of Bonds pursuant to this Section 608 shall not constitute an extinguishment of the indebtedness of the Issuer evidenced by the Bonds so purchased or of the indebtedness of the Borrowers under the Mortgage Loan. Special Purchase Bonds shall for all purposes be regarded as Outstanding under this Indenture, except as otherwise expressly provided in this Section 608 and in this Indenture. Upon the purchase of any Bond pursuant to this Section 608, the notice of redemption previously given with respect to such Bond shall be deemed to be a notice of mandatory tender of such Bond.

The Special Purchase Bonds shall be remarketed by the Remarketing Agent upon receipt by the Trustee and the Remarketing Agent of notice from the Bank that the Letter of Credit has been reinstated or upon receipt of a Substitute Letter of Credit meeting the requirements of Section 310, and upon receipt of a Tax Counsel No Adverse Effect Opinion with respect to the remarketing of the Bonds.

(e) Limitations on Transfer of Bonds. Notwithstanding anything to the contrary herein, Special Purchase Bonds not remarketed may only be transferred to another Registered Owner in whole upon receipt by the Trustee of a Transferee Representation Letter in the form attached hereto and a Tax Counsel No Adverse Effect Opinion that such transfer will not adversely affect the income tax status of interest on the Bonds.

## ARTICLE VII
## PAYMENT; FURTHER ASSURANCES

Section 701. Payment of Principal or Redemption Price of and Interest on Bonds. The Issuer shall promptly pay or cause to be paid the principal or redemption price of and the interest on the Bonds when due but shall be required to make such payment or cause such payment to be made only out of Revenues.

The Issuer hereby designates the Principal Office of the Trustee as the principal place of payment for the Bonds, and the Trustee as paying agent for the Bonds, such appointment and designation to remain in effect until notice of change is filed with the Trustee pursuant to the terms of this Indenture.

Section 702. Power to Issue Bonds and Make Pledge and Assignment. The Issuer is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Trust Estate in the manner and to the extent provided in this Indenture and hereby does pledge and assign to the Trustee all Revenues and all other rights to the Mortgage Loan Documents to the extent set forth in the Granting Clauses hereof. The Bonds and the provisions of this Indenture are and will be legal, valid and binding special, limited obligations of the Issuer

in accordance with their terms, and the Issuer and Trustee (subject to the limitations contained in this Indenture including Section 901(g)) shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of the Trust Estate and all the rights of the Bondowners under this Indenture against all claims and demands of all Persons whatsoever, and the Issuer will take all necessary steps to preserve the exemption from taxation of interest on the Bonds; provided, that the Trustee may rely on the written investment instructions of the Borrowers approved by the Bank.

Section 703. Further Assurances. Except to the extent otherwise provided in this Indenture, the Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondowners may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be reasonably necessary or proper to carry out the purposes of this Indenture.

Section 704. Immunities and Limitations of Responsibility of Issuer. The Issuer shall be entitled to rely on the advice of Counsel (who, except as otherwise provided herein, may be counsel for any Bondowner), and the Issuer shall be wholly protected as to action taken or omitted in good faith (which shall not include actions taken or omitted that constitute gross negligence or willful misconduct) in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any Person, except for the willful misconduct of its own members, agents, officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Issuer is furnished for any cost or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section. As provided herein and in the Loan Agreement, the Issuer shall be entitled to reimbursement for its costs reasonably incurred or advances reasonably made, with interest at the rate of 1.5% per month, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which it may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

Section 705. Additional Instruments. The Issuer, at the expense of the Borrowers, and at the request of the Trustee or Bank, shall cause this Indenture or a financing statement or other similar document relating thereto to be filed in such manner and at such places as may be required by law, if any, to protect the right, title and interest of the Trustee in and to the Trust Estate or any part thereof. From time to time, the Trustee may but shall not be required to obtain an opinion of Counsel as an extraordinary expense setting forth what, if any, actions by the Issuer or the Trustee should be taken to preserve the lien of this Indenture upon the Trust Estate or any part thereof. The Issuer shall execute or cause to be executed any and all further instruments (including UCC continuation statements, if applicable) as shall reasonably be requested by the Trustee for such

protection of the interests of the Trustee and the Bondowners, and shall furnish satisfactory evidence to the Trustee of filing and refiling of such instrument and of every additional instrument which shall be necessary to preserve the lien of this Indenture upon the Trust Estate or any part thereof until the principal of, premium, if any, and interest on the Bonds issued hereunder shall have been paid. The Trustee and the Issuer shall, if necessary, execute or join in the execution of any such further or additional instruments and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an opinion of Counsel will preserve the lien of this Indenture upon the Trust Estate or any part thereof until the aforesaid principal, premium, if any, and interest shall have been paid.

Section 706. Extension of Payment of Bonds. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any interest thereon, and in case the maturity of any of the Bonds or the time of payment of interest shall be extended, such Bonds shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of and interest on all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this section shall be deemed to limit the right of the Issuer to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 707. Encumbrances; Cross Default. Neither the Issuer nor the Trustee shall create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Trust Estate or the Mortgage Loan Documents while any of the Bonds are Outstanding, except the pledge and assignment (if any) created or to be created by this Indenture, the Regulatory Agreement, and the Deed of Trust, without the prior written consent of the Bank or provider of an Alternate Credit Facility; provided, that with the consent of both the Borrowers and the Bank or provider of an Alternate Credit Facility, any subsequent subordinate or parity financing may be cross-defaulted with the Bonds so long as a default will not cause a discharge or termination of the Regulatory Agreement. Subject to this limitation, the Issuer expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

Section 708. Payment of Taxes and Claims. The Issuer shall pay or cause the Trustee to pay, but only out of funds, if any, made available by or on behalf of the Borrowers expressly for such purposes, any property taxes, assessments or other governmental charges that may be lawfully imposed upon the Trust Estate, when the same shall become due if not paid by the Borrowers, as well as any lawful claim which, if unpaid, might by law become a lien or charge upon the Trust Estate or which might impair the security of the Bonds.

Section 709. Mortgage Loan Documents. The Mortgage Loan Documents set forth certain covenants and obligations of the Issuer, the Trustee and the Borrowers and reference is hereby made to such documents for a detailed statement of such covenants and obligations. So long as any of the Bonds remain outstanding, the Issuer and the Trustee shall faithfully and punctually perform and observe all obligations and undertakings on their part to be performed and observed under the Mortgage Loan Documents.

The Issuer and the Trustee shall take no action, shall permit no action to be taken by others within their control and shall not knowingly omit to take any action, which action or omission might release the Borrowers from their liabilities or obligations under the Mortgage Loan Documents or the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit

Bank) from its obligations under the Letter of Credit or result in the surrender, termination, amendment or modification of, or impair the validity of, such documents.

The Issuer, at the request of the Trustee or the Bank, covenants to enforce diligently all covenants, undertakings and obligations of the Borrowers under the Mortgage Loan Documents and, at the request of the Trustee, of the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) under the Letter of Credit, and, subject to the following sentence, hereby authorizes and directs the Trustee to enforce any and all of its rights under the Mortgage Loan Documents and the Letter of Credit on behalf of the Issuer and the Owners of the Bonds, subject to the terms of the Deed of Trust. The Issuer reserves the right to enforce its rights under the Regulatory Agreement; provided, that the Trustee is authorized to enforce such rights in accordance with the terms of the Regulatory Agreement so long as Bonds are Outstanding. Notwithstanding the foregoing, neither the Trustee nor the Issuer shall, without the prior written consent of the Bank, exercise any remedies under the Deed of Trust so long as the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has not failed to honor any properly presented and conforming draw on the Letter of Credit.

Subject to the provisions hereof, the Trustee hereby acknowledges, accepts and agrees to the terms, conditions, appointments and agencies of the Loan Agreement as they relate to it and its participation in the transactions contemplated thereby.

The Trustee shall retain possession of the executed originals of the Mortgage Loan Documents and the Letter of Credit on behalf of the Issuer and shall release same only in accordance with the provisions thereof. The Mortgage Loan Documents and the Letter of Credit shall be available for inspection at reasonable times during regular business hours, under reasonable conditions, by the Issuer, the Bank, the Remarketing Agent, the Borrowers and any Owner of any Bond.

The obligations of the Trustee under this Section 709 are subject to the Trustee's rights to compensation, reimbursement and indemnification under Article IX.

Section 710. List of Bondowners. The Trustee, as the Bond Registrar, will keep on file in the Bond Register a list of names and addresses of all Bondowners registered in the Bond Register together with the principal amount and numbers of such Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer, the Bank, the Underwriter, the Remarketing Agent or by any Owner of Bonds then Outstanding (or a designated representative thereof), such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 711. Compliance With Indenture, Contracts. The Issuer and the Trustee shall faithfully observe and perform all the covenants, conditions and requirements of this Indenture, shall not issue any Bonds in any manner other than in accordance with this Indenture, and shall not suffer or permit any default to occur hereunder or do or permit to be done anything that might in any way weaken, diminish or impair the security intended to be given pursuant to this Indenture except as specifically permitted herein. Subject to the limitations and consistent with the covenants, conditions and requirements contained in this Indenture and the Deed of Trust, the Issuer and the Trustee shall comply with the express terms, covenants and provisions of all contracts concerning or affecting the application of proceeds of the Bonds or Revenues to which they are a party, respectively.

Section 712. Maintenance of Powers. As long as any of the Bonds are Outstanding, the Issuer shall use its best efforts to preserve its existence under the Act, and will not be dissolved or lose its right to exist as such or lose any rights necessary to enable it to function and to maintain the Revenues. The Issuer shall at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, or assure the assumption of its obligations under the Loan Agreement and this Indenture by any corporation or political subdivision succeeding to its powers, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the observance of any of the covenants herein contained.

Section 713. Opinions of Bond Counsel. Whenever Bond Counsel renders an opinion to the effect that some action taken in accordance with this Indenture does not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, the opinion shall be addressed to the Issuer, the Trustee, the Bank, the Borrowers and the Remarketing Agent.

## ARTICLE VIII
## DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDOWNERS

Section 801. Defaults; Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute a Default and an Event of Default:

(a) Failure to make payment of any installment of interest upon any Bond when the same shall have become due and payable;

(b) Failure to make due and punctual payment of the principal or Purchase Price or premium, if any, on any Bond when the same shall have become due and payable, whether at the stated maturity thereof, upon proceedings for redemption thereof, upon the maturity thereof by declaration or on any Demand Date;

(c) Any material representation or warranty made by the Issuer in this Indenture or the Bonds is determined by the Trustee to have been untrue when made;

(d) The Trustee shall have received written notice from the Bank that an Event of Default, under and as defined in the Reimbursement Agreement, shall have occurred and be continuing; or

(e) Any failure by the Issuer to observe and perform any covenant, condition or agreement on its part to be observed and performed under the Indenture or the Bonds, other than as referred to in subsections (a) or (b) of this Section, continues for a period of 60 days after written notice specifying such breach or failure and requesting that it be remedied, given to the Issuer, the Borrowers and the Bondowners by the Trustee or to the Issuer, the Borrowers and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, unless (i) the Trustee agrees in writing to an extension of such time prior to its expiration or (ii) if the breach or failure be such that it cannot be corrected within the applicable period, corrective action is instituted by the Issuer, or by the Borrowers, if such action can be taken by the Borrowers, within the applicable period and is being diligently pursued.

Section 802. Acceleration of Maturities. Upon the occurrence of an Event of Default specified in clauses (a), (b) or (d) of Section 801, the Trustee shall, subject to the provisions of Sections 809 and 810, notify Bondowners and declare the aggregate principal amount of the Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; provided, that interest on such accelerated Bonds will cease to accrue upon declaration of acceleration.

Upon the occurrence of an Event of Default specified in clause (c) or (e) of Section 801 and so long as such event is continuing, subject to Sections 809 and 810, the Trustee may, and upon receipt of notice given by the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding or by the Bank shall, declare the aggregate principal amount of the Bonds then Outstanding and the interest accrued thereon (to the date fixed for payment of such principal) immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

If the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) issuing the Letter of Credit or Substitute Letter of Credit is the Trustee or a corporate affiliate of the Trustee, upon an Event of Default specified in clauses (a), (b), or (c) of Section 801, so long as the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has not failed to honor any properly presented and conforming draw on the Letter of Credit, said Bank shall be solely entitled to direct in writing the acceleration of the maturity of the Bonds, and the Trustee shall have no discretion with respect thereto; provided, however, the foregoing shall not affect or restrict the ability of the Trustee to draw on the Letter of Credit to redeem the Bonds in accordance with Section 602 and the provisions of Article VI.

After acceleration, the Trustee shall draw on the Letter of Credit as provided below and take such action as is necessary to pay the Bonds out of the proceeds of such draw on the Letter of Credit no later than the second (2nd) Business Day prior to the termination of the Letter of Credit after providing the Bondowners with a notice of acceleration in the manner provided for a notice of redemption in Section 604. The amount drawn under the Letter of Credit shall equal the aggregate unpaid principal and interest on the Outstanding Bonds to the payment date fixed by the Trustee for payment of the Bonds. In the event such draw on the Letter of Credit is not so honored, the Trustee shall, subject to Section 901(g) and (i), take action as may be reasonable under the circumstances to recover from the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) the amounts necessary to pay the Bonds. Subject to Section 901, the Trustee also shall take whatever additional action at law or in equity may appear necessary or desirable to the Trustee to collect the moneys necessary to pay the Bonds.

If the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) honors the Trustee's request to draw upon the Letter of Credit after an acceleration of the maturity of the Bonds, the Trustee shall (1) execute such documents reasonably required by the Bank to assign all of its right, title and interest in the Mortgage Note and the Deed of Trust to the Bank, whereupon neither the Issuer nor the Trustee shall have any further interest in the Mortgage Note or the Deed of Trust and (2) transfer to the Bank all moneys then on deposit in all of the Funds, except any amounts held in the Rebate Fund and the Cost of Issuance Fund, amounts drawn on the Letter of Credit to be applied to the payment of the Bonds, or moneys for fees and expenses due to the Issuer or the Trustee.

The above provisions of Sections 801 and 802 are subject to the conditions that if, after the principal of all Bonds then Outstanding shall have been so declared to be due and payable

and prior to the Trustee's draw on the Letter of Credit referred to hereinabove, all arrears of interest upon such Bonds, and interest on overdue installments of interest (to the extent permitted by law) other than by acceleration at the rates of interest then in effect on the Bonds, and the principal of all Bonds then Outstanding which shall have become due and payable other than by acceleration, and all other sums payable under this Indenture, except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable, shall have been paid by or on behalf of the Issuer together with the reasonable fees and expenses of the Trustee, the Issuer and the Bondowners, including reasonable attorneys' fees and expenses paid or incurred, then and in every such case, but only upon receipt by the Trustee of the express written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall annul such declaration of maturity and its consequences, which waiver and annulment shall be binding upon all Bondowners; provided, that such waiver, rescission and annulment shall not extend to or affect any subsequent default or impair any right or remedy consequent thereon. In the case of any such annulment, the Bank, the Issuer, the Trustee, the Borrowers and the Bondowners shall be restored to their former positions and rights under this Indenture. Prior to any such annulment or waiver, the Letter of Credit or an Alternate Credit Facility in the Coverage Amount must be in full force and effect.

Nothing contained in this Section 802, however, shall be construed to allow the Trustee to permit its rights, on behalf of the Bondowners, under the Letter of Credit, to be reduced, to lapse or otherwise to be extinguished.

Section 803. Remedies; Rights of Bondowners. In addition to the remedies specified in Section 802 and subject to the provisions of Section 709, the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceedings upon the occurrence of an Event of Default, to enforce the payment of the principal and the Purchase Price of and interest on the Bonds then Outstanding, and to enforce and compel the performance of the duties and obligations of the Issuer as herein set forth. Subject to Section 709, which limits the authority of the Issuer to exercise its remedies under the Deed of Trust, the Trustee may, upon notice to the Issuer, the Bank and the Borrowers, but without the consent of the Issuer, the Bank or the Borrowers, exercise any and all remedies afforded the Issuer under any Mortgage Loan Documents or, in its discretion at the request of the Issuer and upon satisfactory indemnification being provided for its fees and costs, the Regulatory Agreement in its name or the name of the Issuer without the necessity of joining the Issuer. Notwithstanding anything to the contrary, the Trustee shall not be required to foreclose the Deed of Trust or to bid at any foreclosure sale if, in the Trustee's reasonable judgment, such action would subject it to personal liability, expense, or loss, including the cost of investigation, removal, or other remedial action with respect to the environmental condition of the Project. The Trustee shall not be required to take any action with respect to the Project that could cause it to be considered an "owner" or "operator" within the meaning of the CERCLA, as amended, or any other statute dealing with hazardous substances; and the Trustee shall have no authority to manage or operate the Project, except as necessary to exercise remedies upon default.

Subject to Section 804 and Section 810, if an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding, and the Trustee shall have been indemnified to its satisfaction as provided in Section 901, the Trustee may exercise such one or more of the rights and powers conferred by this Section 803 and Section 802 as the Trustee in its discretion being advised by its Counsel deems most expedient in the interests of the Bondowners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondowners) is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondowners hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Bondowners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Section 804. Right of Bondowners to Direct Proceedings. Except as otherwise provided in Sections 809 and 810, and upon and subject to the Trustee's right to indemnification pursuant to Section 901, the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding have the right, at any time there is an Event of Default under Section 801, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, and that the Trustee has the right to decline to follow any such direction if the Trustee is advised by Counsel that the action or proceeding so directed may not be taken lawfully, or if the Trustee in good faith determines that the action or proceeding so directed would involve the Trustee in personal liability or would be materially adverse to the interests of non-directing Bondowners, and the Trustee may conclusively rely upon such opinion of Counsel.

Section 805. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article, after payment to the Trustee of its fees and expenses then due and owing and its reasonable expenses and attorneys' fees incurred in exercising its rights and remedies under this Article VIII, shall be transferred, to the extent necessary to pay the principal of and interest on all Outstanding Bonds, to the Debt Service Fund, with such moneys to be deposited in the Accounts thereof in the order provided therein; provided that all funds drawn under the Letter of Credit, all Seasoned Funds (after notice of redemption) and all remarketing proceeds shall be used only to pay the principal or Purchase Price of or, premium, if any, and interest on Bonds. Nothing herein shall be construed to relieve the Borrowers of any obligation to pay fees and expenses as provided in Article V and Section 6.8 of the Loan Agreement.

Section 806. Remedies Vested in the Trustee. All rights of action (including the right to file proofs of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Bondowners, and any recovery or judgment shall be for the equal and ratable benefit of the Owners of the Outstanding Bonds.

Section 807. Limitation on Rights and Remedies of Bondowners. No Bondowner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder unless (1) an Event of Default has occurred of which the Trustee has been notified, (2) the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee, shall have offered the Trustee reasonable opportunity either to proceed to exercise the powers herein granted or to institute such action, suit or proceeding in its own name, and shall have offered to the Trustee indemnity satisfactory to the Trustee as provided in Section 901, and (3) the Trustee shall for a period of 60 days thereafter fail or refuse to exercise the powers herein granted, or to institute such action, suit or proceeding in its own name as Trustee; and such notification, request and offer of opportunity and indemnity are hereby declared in every case to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder. No one or more Bondowners shall have any right in any manner whatsoever to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity must be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Owners of all Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondowner to enforce the payment of the principal and Purchase Price of, and premium, if any, and interest on, any Bonds at and after the maturity thereof.

Section 808. Termination of Proceedings. In case the Trustee has proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceeding is discontinued or abandoned for any reason, or is determined adversely to the Trustee, then and in every such case the Issuer, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

Section 809. Waivers of Events of Default. The Trustee may, in its discretion, waive any Event of Default hereunder and rescind its consequences and shall do so upon the written direction of the Bank or written direction of the Owners of not less than a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that there shall not be waived (a) any Event of Default under Section 801(d), without the consent of the Bank and unless the Bank has revoked or rescinded the Event of Default under the Reimbursement Agreement, (b) any Event of Default in the payment of the principal or Purchase Price of any Outstanding Bonds when due (whether at maturity or by redemption or as a result of acceleration) or (c) any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver and rescission with respect to the foregoing clauses (a) and (b) only, all arrears of interest and all arrears of principal and Purchase Price when due, as the case may be, together, in either case, with the moneys due and owing to the Trustee, including reasonable attorneys' fees paid or incurred, shall have been paid or provided for, and the Owners of all Bonds then Outstanding approve such waiver. Notwithstanding any provisions hereof to the contrary, any declaration pursuant to Section 802 hereof made at the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall not be waived except as they may be annulled pursuant to Section 802. In the case of any such waiver and rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Issuer, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver and rescission shall extend to any subsequent or other default,

or impair any right consequent thereon. All waivers under this Indenture shall be in writing and a copy thereof shall be delivered to the Issuer and to the Bank. Prior to any such waiver, the Letter of Credit must be reinstated or be in full force and effect with respect to the Coverage Amount.

Section 810. Limitation. Notwithstanding anything to the contrary in this Indenture, neither the Trustee, the Issuer nor the Bondowners shall, without the prior written consent of the Bank, take any action to accelerate the Bonds under this Article VIII or exercise any remedies under the Deed of Trust so long as the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has not failed to honor any properly presented and conforming draw on the Letter of Credit.

Section 811. Absolute Obligation of Issuer. Nothing in any provision of this Indenture or in the Bonds shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal, Purchase Price or redemption price of and interest on the Bonds to the respective Bondowners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Bondowners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

## ARTICLE IX
## THE TRUSTEE

Section 901. Appointment and Duties; Successor Trustee.

(a) The Issuer hereby appoints U.S. Bank National Association, as Trustee, Bond Registrar and paying agent and designates the Principal Office of the Trustee as the principal place of payment for the Bonds. Furthermore, any rights or protections afforded to the Trustee hereunder apply to the Trustee when acting as Bond Registrar or paying agent hereunder or as agent under Section 6.18 of the Loan Agreement. Notwithstanding any other provision of this Indenture, the Loan Agreement, the Deed of Trust or the Regulatory Agreement, the Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture, the Loan Agreement and the Regulatory Agreement, and no implied covenants or obligations of the Trustee shall be read into this Indenture, the Loan Agreement, the Deed of Trust or the Regulatory Agreement. Subject to Sections 802 and 901(i), the Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Issuer may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation; in each case by giving written notice of such removal to

the Trustee, the Borrowers, the Remarketing Agent and the Bank, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Issuer, the Borrowers, the Remarketing Agent and the Bank, by registered or certified mail or courier service. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee and transfer of the Letter of Credit or Alternate Credit Facility to the successor Trustee; provided, that such transfer shall be in accordance with the terms of the Letter of Credit or Alternate Credit Facility. Promptly upon such acceptance, the Issuer shall give notice thereof to the Registered Owners by first-class mail postage prepaid, and to the Borrowers, the Remarketing Agent and the Bank by registered or certified mail or courier service. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the incumbent Trustee, the Bank, the Borrowers or any Bondowner (on behalf of himself and all other Bondowners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Issuer and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the request of the Issuer or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations.

(e) Any Trustee appointed under the provision of this section in succession to the Trustee shall be a trust company, national banking association, or a commercial bank, having experience with transactions similar to those described herein, and subject to supervision or examination by federal or state authority with respect to its responsibilities as trustee. If such national banking association, trust company or commercial bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section. The Trustee shall cooperate fully in the transfer to a successor Trustee and shall promptly deliver to such successor all records and documents held by the Trustee with regard to the Trustee's obligations under this Indenture and the Loan Agreement.

(f) Any company or national banking association into which the Trustee may be merged or converted or with which it may be consolidated or any company or national banking association resulting from any merger, conversion or consolidation to which it shall be a party or any company or national banking association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of this Section, shall be the successor to such Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

(g) Before taking any action under this Indenture or the Mortgage Loan Documents or Deed of Trust (except for making all required payments to Bondowners when due to the extent sufficient funds are held by the Trustee under this Indenture, causing mandatory tender, mandatory redemption or acceleration of maturity of the Bonds as required herein, and drawing on the Letter of Credit in accordance with its terms and this Indenture), the Trustee may require that indemnity satisfactory to it be furnished, which indemnity shall include payment of its fees, extraordinary expenses, and reasonable attorneys' fees, and protection against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action. The Trustee shall be under no obligation to institute any suit, to take any proceeding under this Indenture, the Mortgage Loan Documents or the Deed of Trust to enter any appearance or in any way defend any suit in which it may be defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, or in the compliance with any covenant contained in Article VII, until it has been satisfied that payment of all fees and expenses, outlays and reasonable counsel fees and other reasonable disbursements in connection therewith, and satisfactory indemnity against all risk and liability, have been provided for. However, the Trustee may begin suit, or appear in and defend any suit, or intervene, or do anything else in its judgment proper to be done by it as such Trustee, without assurance of reimbursement or indemnity. In all such cases Trustee shall be reimbursed or indemnified for all fees and expenses, liabilities, outlays and reasonable counsel fees and other reasonable disbursements properly incurred in connection therewith, unless such liability or disbursement is adjudicated to have resulted from the negligence or willful misconduct of the Trustee. If the Borrowers or Bondowners shall fail to make such reimbursement or indemnification, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture, subject only to the provisions of this Indenture.

(h) The Trustee's rights to receive compensation, reimbursement and indemnification of money due and owing hereunder shall survive the Trustee's resignation or removal, the payment of the Bonds and the defeasance of this Indenture.

(i) The Trustee may accept, hold, and draw upon Letters of Credit issued by itself or by any of its corporate affiliates to provide security and a source of payment for the Bonds. Further, the Trustee covenants that it shall at all times maintain adequate controls to manage any potential conflicting interest. Notwithstanding any other provision herein to the contrary, while the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) issuing the Letter of Credit or Substitute Letter of Credit is the Trustee or any affiliate of the Trustee, and such Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has not failed to honor a properly presented draw on the Letter of Credit or Substitute Letter of Credit, the Trustee shall have no discretion with respect to the acceleration of the Bonds and shall do so only upon written direction of the Bank. If such affiliated bank shall fail at any time to honor a properly presented draw on the Letter of Credit, the Trustee shall immediately tender its resignation and take prompt steps to have a successor trustee appointed satisfying the requirements of Section 901(e).

Section 902. Fees, Charges and Costs of Trustee. The Trustee shall be entitled to payment of the Trustee Fee. The Trustee's rights to receive compensation under this section and under applicable provisions of the Loan Agreement, the Deed of Trust and the Regulatory Agreement shall be secured by, and there is hereby granted to the Trustee, a lien on the Trust Estate (except for any moneys representing the proceeds of any draws on the Letter of Credit or remarketing proceeds or Seasoned Funds after notice of redemption), which lien shall be subordinate to the lien in favor of the Bondowners for payment of the principal of, premium, if any, and interest on the Bonds, except that, upon an Event of Default, but only upon an Event of Default, the Trustee shall have a prior lien upon the Trust Estate (except for any moneys representing the proceeds of any draws on the Letter of Credit, Seasoned Funds after a notice of redemption or remarketing proceeds) for its extraordinary fees, charges and expenses, including reasonable attorneys' fees incurred in enforcing the provisions of this Indenture or any other agreement referred to herein.

Section 903. Liability of Trustee. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture, the Mortgage Loan Documents or the Bonds, and shall incur no responsibility in respect thereof. The Trustee shall not be accountable for the use or application by the Issuer, the Borrowers or the Bank of the Bonds or the proceeds thereof or of any moneys paid to the Issuer, the Borrowers or the Bank pursuant to the terms of this Indenture, the Deed of Trust and the Mortgage Loan Documents. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder or under the Mortgage Loan Documents either directly or through agents, receivers, or attorneys; provided, that the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney only if such agent or attorney is appointed with due care and approved by the Issuer, which approval will not be unreasonably withheld and will be delivered in a timely fashion. The Trustee may in all cases pay and be entitled to reimbursement from the Borrowers for all reasonable compensation paid to such attorneys, agents and receivers. Neither the Bank nor the Borrowers shall be deemed agents of the Trustee for any purpose, and the Trustee shall not be responsible for the compliance of any of them with their respective duties hereunder in connection with the transactions contemplated herein. The Trustee makes no representation as to and shall have no responsibility for the sufficiency of the insurance required under the Mortgage Loan Documents.

The Trustee may act upon the opinion or advice of Bond Counsel, and the Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted in good faith (which shall not include actions taken or omitted that constitute negligence or willful misconduct) in reliance upon such opinion or advice.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct. The Trustee shall not be required to expend, advance, or risk its own funds or incur any financial liability in the performance of its duties or in the exercise of any of its rights or powers.

The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Project except for its own

negligence or willful misconduct. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

The Trustee shall not be liable for actions taken at the direction of Bondowners pursuant to the provisions of Article VIII.

The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its (reasonable) control, including, without limitation, acts of God; earthquakes; fire; fire; flood; terrorism; wars and other military disturbances; sabotage; epidemics; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communication services; accidents; labor disputes; acts of civil or military authority and governmental action.

Section 904. Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with Counsel, who may be Counsel of or to the Issuer, with regard to legal questions, and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith (which shall not include actions taken or omitted that constitute negligence or willful misconduct) and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Issuer, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith (which shall not include actions taken or omitted that constitute negligence or willful misconduct) under the provisions of this Indenture in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, or under the Mortgage Loan Documents, except for defaults arising from failure to make any required payments to the Trustee or defaults of which the Trustee has actual knowledge, unless the Trustee is specifically notified in writing of such default by the Issuer, the Borrowers, the Bank, or the Registered Owners of 25% in aggregate principal amount of the Bonds then Outstanding, and all such notices or other instruments required to be delivered to the Trustee must be delivered to the Principal Office of the Trustee.

The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants or conditions on the part of the Issuer, except as herein set forth, but the Trustee may require of the Issuer full information and advice as to the performance of any covenants and conditions herein.

Section 905. Intervention By Trustee. In any judicial proceedings to which the Issuer is a party and which in the opinion of the Trustee and its Counsel has a substantial bearing on the interest of Owners of the Bonds, the Trustee may, in its discretion, intervene on behalf of

Bondowners and, upon being indemnified to its satisfaction therefor as provided in Section 901(g), shall do so if requested in writing by the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, subject to the limitations of Section 804.

Section 906. Reports of the Trustee.

(a) The Trustee shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project, the proceeds of the Bonds, the principal amount of Bonds Outstanding, the Revenues, the Trust Estate and the Funds and Accounts established by this Indenture. Such books of the Trustee shall at all reasonable times during regular business hours be subject to the inspection of the Issuer, the Borrowers, the Remarketing Agent, the Bank and the Beneficial Owner(s) or their representatives duly authorized in writing.

(b) On or before the fifteenth (15th) day of each month (or at such other reasonable frequency as requested by the Issuer, Bank or Borrowers and agreed to by the Trustee), the Trustee shall submit to the Issuer, Borrowers and the Bank a statement of account for the preceding month or period setting forth:

(1) the amounts withdrawn or transferred by it and the amounts deposited with it on account of each Fund held by it under the provisions of this Indenture, and the balance held in each Fund;

(2) a brief description of all obligations held by it as an investment of money (including mortgages and loans) in each such Fund and accrued interest earned;

(3) the amount applied (broken down as to prepayments and interest) to the purchase or redemption of Bonds under the provisions of this Indenture; and

(4) any other information that the Issuer may reasonably request from time to time, without charge if said information is required by its auditor, Rebate Analyst or the Internal Revenue Service, and is readily available from the records of the Trustee, and otherwise with such reasonable charges as are required by the Trustee.

(c) The reports, statements and other documents required to be furnished to or by the Trustee pursuant to any provision of this Indenture shall be available for inspection upon reasonable prior notice by Bondowners during normal business hours at the office of the Trustee, and a copy of the reports required hereunder, if any, shall be mailed by the Trustee to each Beneficial Owner of Bonds who shall file a written request therefor with the Issuer at the expense of the party requesting the statement.

Section 907. Communications Among Owners. Within five Business Days after the receipt by the Trustee of a written application by any three or more Beneficial Owners stating that the applicants desire to communicate with other Beneficial Owners with respect to their rights under this Indenture or under the Bonds and accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, and by reasonable proof (as determined solely by the Trustee) that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, the Trustee shall notify DTC of such application, and at its election, either:

(a) afford to such applicants access to all information furnished to or received by the Trustee from DTC; or

(b) inform such applicants as to the approximate number of Beneficial Owners according to the most recent information furnished to or received by the Trustee from DTC, and as to the approximate cost of mailing to the Owners the form of proxy or other communication, if any, specified in such application.

The disclosure of any such information as to the names and addresses of the Owners in accordance with the provisions of this section, regardless of the source from which such information was derived, shall not be deemed to be a violation of any existing law or of any law hereafter enacted which does not specifically refer to the comparable section of the Indenture Act, nor shall the Trustee be held accountable by reason of mailing any material pursuant to a request made under this section.

The term Beneficial Owners, for purposes of this Section 907 or any other Section herein requiring the Trustee to deliver statements, reports or documents to or receive requests or instructions from the Beneficial Owners, includes any Beneficial Owner who provides to the Trustee an affidavit of beneficial ownership of Bonds. The Trustee may rely conclusively upon such affidavit and shall have no liability to the Issuer, Borrowers, any Owner of Bonds, or any other person in connection with such reliance. Furthermore, the Trustee shall be entitled to assume that any Beneficial Owner remains a Beneficial Owner thereafter, absent receipt of written notice or information to the contrary.

Section 908. Appointment of a Co-Trustee. It is the intent of the Issuer and the Trustee that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, the Mortgage Loan Documents, the Deed of Trust or the Letter of Credit, and, in particular, in case of the enforcement of any of them on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies granted herein to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint, with the consent of the Issuer, an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 908 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate trustee or co-trustee, in the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies herein granted to the Trustee or to hold title to the Trust Estate or to take any other action which may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be imposed upon, exercised by or vested in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by and vest in such separate trustee or co-trustee, but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such separate trustee or co-trustee shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Issuer, the

Trustee, the Borrowers and the Bank. The appointment of any such co-trustee shall be subject to the approval in writing by the Rating Agency.

Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or if such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. If the Issuer shall fail to deliver the same within fifteen (15) days of such request, the Trustee is hereby appointed attorney-in-fact for the Issuer to execute, acknowledge and deliver such instruments in the Issuer's name and stead. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

## ARTICLE X
## SUPPLEMENTAL INDENTURES

Section 1001. Amendments Requiring Consent of Bondowners. This Indenture and the rights and obligations of the Issuer, the Bondowners and the Trustee may be modified or amended at any time by a Supplemental Indenture which shall become effective when signed by the parties hereto and the written consents of the Owners of 60% or more of the aggregate principal amount of Bonds Outstanding shall have been filed with the Trustee; provided, that if such modification or amendment will, by its terms, not take effect so long as any Bonds remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall (a) extend the fixed maturity of any Bond, or reduce the amount of principal thereof or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (b) reduce the aforesaid percentage of the aggregate principal amount of Bonds then Outstanding the consent of the Owners of which is required to effect any such modification or amendment, or (c) permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Bondowners of the lien created by this Indenture upon such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Bondowners of all of the Bonds then Outstanding. Notwithstanding the foregoing, this Indenture shall not be amended without the consent of the Bank, unless, in the opinion of Bond Counsel filed with the Trustee, the Borrowers, the Bank and the Issuer prior to the effective date of such amendment, such amendment is necessary to preserve the exemption from income taxation of interest on the Bonds.

If at any time the Issuer requests that the Trustee enter into any such Supplemental Indenture for any of the purposes allowed by this Section, the Trustee shall, at the request of the Issuer and upon being indemnified to its satisfaction with respect to costs, cause notice of the proposed execution of such Supplemental Indenture to be given in substantially the manner provided in Section 604 with respect to redemption of Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondowners. If, within 60 days or such longer period as shall be prescribed by the Issuer following the mailing of such notice, the Owners of 60% or more of the aggregate principal amount of Bonds then Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. The Issuer shall have the right to extend from time to time the period within which such consent and approval may be obtained from Bondowners.

Section 1002. Amendments Not Requiring Consent of Bondowners. This Indenture and the rights and obligations of the Issuer, the Bondowners and the Trustee may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Bondowners, when signed by the parties hereto and upon receipt of the consent of the Bank, which amendment shall become effective upon execution (or such later date as may be specified in such Supplemental Indenture), but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Issuer contained in this Indenture, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power herein reserved to or conferred upon the Issuer, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Bondowners;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Issuer may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the interests of the Bondowners;

(c) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Bondowners;

(d) to modify, amend or supplement this Indenture in any other way which shall not materially adversely affect the interests of the Bondowners;

(e) to provide for a Substitute Letter of Credit or an Alternate Credit Facility meeting the requirements of Section 310 or 313 and that otherwise does not materially adversely affect the interests of the Bondowners;

(f) to provide for certificated bonds;

(g) to comply with state or federal securities laws;

(h) to provide for the Conversion of Bonds;

(i) to make any other amendment, including without limitation amendments which would otherwise be described in Section 1001, if such amendment will take effect on a Conversion Date or a Substitution Date following a mandatory tender of the Bonds, or if at least 30 days' notice of the amendment is given to Bondowners, and the Bondowners have the right to tender their Bonds for purchase pursuant to Section 202(h) hereof; or

(j) to modify, amend or supplement this Indenture in any other way necessary to preserve the exemption of interest on the Bonds from federal income taxation.

Section 1003. Consent of Borrowers and Remarketing Agent to Supplemental Indentures. Anything herein to the contrary notwithstanding, a Supplemental Indenture under this Article X that adversely affects any rights of the Borrowers in any manner not contemplated by the Mortgage Loan Documents will not become effective unless and until the Borrowers have consented to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such Supplemental Indenture to be mailed by certified or registered mail or sent by courier service to the Borrowers and their Counsel and the Bank and its Counsel at least 15 days prior to the date of the first mailing of notice of the proposed execution of such Supplemental Indenture as hereinbefore in Section 1001 provided. The Borrowers shall be deemed to have consented to the execution and delivery of any such Supplemental Indenture if the Trustee does not receive a letter of protest or

objection thereto, signed by or on behalf of the Borrowers, on or before 12:00 p.m., Pacific time, on the fifteenth day after the mailing of said notice and a copy of the proposed Supplemental Indenture. Anything herein to the contrary notwithstanding, a Supplemental Indenture under this Article X that adversely affects any rights of the Remarketing Agent in any manner not contemplated by the Mortgage Loan Documents shall not become effective unless and until the Remarketing Agent has consented to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such Supplemental Indenture to be mailed by certified or registered mail to the Remarketing Agent at least 15 days prior to the date of the first mailing of notice of the proposed execution of such Supplemental Indenture as hereinbefore in Section 1001 provided. The Remarketing Agent shall be deemed to have consented to the execution and delivery of any such Supplemental Indenture if the Trustee does not receive a letter of protest or objection thereto, signed by or on behalf of the Remarketing Agent, on or before 12:00 p.m., Pacific time, on the fifteenth day after the mailing of said notice and a copy of the proposed Supplemental Indenture.

Section 1004. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. The Trustee shall also send prior written notice to the Borrowers of any Supplemental Indenture which does not adversely affect the rights of the Borrowers; provided, that Borrowers' consent to such Supplemental Indenture shall not be required.

Section 1005. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Issuer and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Issuer or the Trustee shall so determine, new Bonds modified as to conform, in the opinion of the Issuer and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Issuer and authenticated by the Trustee, and upon demand of the Owner of any Bond then Outstanding shall be exchanged at the Principal Office of the Trustee, without cost to any Bondowner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts of the same maturity.

Section 1006. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bondowner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Section 1007. Trustee Consent; Required Opinion of Bond Counsel; Notice of Rating Agency. No amendment or supplement to this Indenture shall modify any of the rights or obligations of the Trustee without its written assent thereto. The Issuer and the Trustee shall not enter into or consent to any amendment, change or modification to this Indenture unless the Issuer, the Remarketing Agent and the Trustee have received an opinion of Bond Counsel to the

effect that such amendment will comply with this Article X, not impair the exemption of the interest on the Bonds from federal income taxation, and, if applicable, will not materially adversely affect the interests of Bondowners. The Issuer, the Trustee, the Remarketing Agent, the Borrowers and the Bank may rely upon any such opinion of Bond Counsel. Prior to any amendment, change or modification to this Indenture, the Trustee shall notify the Rating Agency of the occurrence of such event.

## ARTICLE XI
## AMENDMENT OF MORTGAGE LOAN DOCUMENTS

Section 1101. Amendments to Mortgage Loan Documents Not Requiring Consent of Bondowners. Subject to the provisions of Section 1103 and with the written consent of the Bank and the Trustee, but without the consent of or notice to any of the Bondowners, the respective parties thereto may enter into any amendment, change or modification of the Mortgage Loan Documents as may be required (a) by the provisions of the Mortgage Loan Documents or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of the Mortgage Loan Documents, (d) in connection with any other change therein which is not materially to the prejudice of the Trust Estate or the Owners of the Bonds, it being understood that in making a determination under (d) above, the Trustee may rely on the advice of Counsel; or (e) in any other respect, including without limitation amendments which would otherwise be described in Section 1102, (1) if such amendments will take effect on a Conversion Date or a Substitution Date following the mandatory tender of the Bonds, or (2) if notice of the proposed amendments is given to Bondowners (in the same manner as notices of redemption are given) at least thirty (30) days before the effective date thereof and, on or before such effective date, the Bondowners have the right to demand purchase of their Bonds pursuant to Section 202(h). The Issuer and the Trustee shall, without the consent of or notice to Bondowners, but after prior written notice to the Bank, enter into any amendment, change or modification of the Mortgage Loan Documents as may be necessary, in the opinion of Bond Counsel to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated by the United States Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Sections 142(d) or 145 of the Code.

Notwithstanding the foregoing, the Deed of Trust may be amended, changed or modified in any way with the consent of the Bank and without the consent of or notice to Bondowners, so long as the Bank has not failed to honor a conforming draw on the Letter of Credit.

Section 1102. Amendments to Mortgage Loan Documents Requiring Consent of Bondowners. Except for the amendments, changes or modifications as provided in Section 1101, and subject to the provisions of Section 1103, neither the Issuer nor the Borrowers shall enter into any other amendment, change or modification of the Mortgage Loan Documents without the written consent of the Bank, and without mailing of notice and the written approval or consent of the Owners of not less than 60% of the aggregate principal amount of Bonds then Outstanding given and procured as provided in this Section; provided, however, that nothing in this section or Section 1101 (except as described in item (e) in the first paragraph of Section 1101) shall permit or be construed as permitting (a) an extension of the time of the payment of any amounts payable under the Mortgage Note, or (b) a reduction in the amount of any payment or in the total amount due under the Mortgage Note, in each case without the consent of the Owners of all Bonds then Outstanding. If at any time the Issuer and the Borrowers shall request the consent of the Trustee to any such proposed amendment, change or modification of the Mortgage Loan Documents, the

Trustee shall, at the request of the Issuer and upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 604 with respect to redemption of Bonds; provided, that the Trustee shall not be required to consent to any amendment that materially adversely affects its rights or responsibilities hereunder or under the Mortgage Loan Documents. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instruments modifying the same are on file with the Trustee for inspection by all Bondowners. If, within 60 days, or such longer period as shall be prescribed by the Issuer, following the mailing of such notice, the Owners of 60% or more of the aggregate principal amount of Bonds then Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Borrowers or the Issuer from executing the same or from taking any action pursuant to the provisions thereof, or the Trustee from consenting thereto. The Issuer shall have the right to extend from time to time the period within which such consent and approval may be obtained from Bondowners. Upon the execution of any such amendment, change or modification as in this section permitted and provided, the Mortgage Loan Documents or the Letter of Credit, as the case may be, shall be and be deemed to be modified, changed and amended in accordance therewith.

Section 1103. Required Opinion of Bond Counsel; Notice to Rating Agency. The Issuer and the Trustee shall not enter into or consent to any amendment, change or modification to any one or more of the Mortgage Loan Documents unless the Issuer, the Trustee and the Remarketing Agent have received an opinion of Bond Counsel to the effect that such amendment will comply with this Article XI and not impair the exemption of the interest on the Bonds from federal income taxation; provided, however, that no such opinion is required in connection with an amendment, change or modification of the Deed of Trust in accordance with Section 1101. The Issuer, the Remarketing Agent and the Trustee may rely upon any such opinion of Bond Counsel. Prior to any amendment, change or modification to the Mortgage Loan Documents (except for any amendment, change or modification of the Deed of Trust in accordance with Section 1101) or the Letter of Credit, the Trustee shall notify the Rating Agency of the occurrence of such event.

Section 1104. Trustee Consent With Respect to Release of Collateral. Upon the request of the Borrowers, and with the prior written consent of the Bank, the Trustee and (if applicable) the Issuer shall execute a reconveyance instrument provided by the Bank, releasing or subordinating any lien, security interest, or encumbrance on all or a portion of the Property provided, however, that while any Bonds remain Outstanding, such instrument shall be executed only if the Letter of Credit remains in effect.

Section 1105. Required Approval. No amendment, supplement or modification may be made to any Mortgage Loan Document which materially and adversely affects any rights or obligations of the Remarketing Agent without the prior written consent of the Remarketing Agent.

## ARTICLE XII
## DEFEASANCE

Section 1201. Defeasance. If, following Conversion of the Bonds to a Fixed Rate, the Issuer shall pay or cause to be paid, or make provisions for payment, to or for the Bondowners, of the principal of, premium, if any, and interest due or to become due on the Bonds, at the times

and in the manner stipulated therein, and if the Issuer shall have kept, performed and observed all and singular the covenants and promises in the Bonds and in this Indenture expressed to be kept, performed and observed by it or on its part, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions hereof, then this Indenture and the lien, rights, estate and interests created hereby shall cease, determine and become null and void (except as to any rights of registration, transfer or exchange of Bonds herein provided for and indemnification of the Trustee pursuant to Section 6.8 of the Loan Agreement, which shall survive), whereupon the Trustee shall take all such actions (including, without limitation, payment to the Bank of amounts, if any, owed for draws on the Letter of Credit, but only to the extent of moneys available therefor in the Debt Service Fund or the Mortgage Loan Fund, and termination of the Letter of Credit) to cancel and discharge the lien of this Indenture and to terminate the trust created herein, and shall, upon payment of all fees and expenses payable to the Trustee, the Issuer, and the Rebate Analyst under this Indenture or the Loan Agreement, release, assign and deliver unto the Bank (or to the Borrowers if the Borrowers have paid all amounts owed to the Bank under the Reimbursement Agreement and any Related Documents (as defined in the Reimbursement Agreement)) any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee or otherwise subject to this Indenture, except (a) moneys, obligations or securities held by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds, (b) any money in the Rebate Fund to pay the Rebate Amount, or (c) any other moneys remaining in any Fund or Account created pursuant to this Indenture, which moneys shall be delivered to the Borrowers upon receipt of an opinion of Bond Counsel that such action shall not cause the Bonds to become retroactively taxable.

Any Bond or portions thereof in Authorized Denominations shall, prior to the maturity or redemption thereof, be deemed to be paid and defeased within the meaning of this Indenture when following Conversion to a Fixed Rate:

(a) payment of the principal and premium, if any, of such Bonds or portion thereof, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Indenture, or otherwise), either: shall have been made or caused to be made in accordance with the terms of Section 202 or shall have been provided for, by irrevocably depositing with the Trustee, in trust, and irrevocably setting aside exclusively for such payment any combination of Seasoned Funds which shall be sufficient to make such payment when due and/or non-callable, non-prepayable Government Obligations purchased with such Seasoned Funds maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment;

(b) the Trustee shall have received a certificate from a firm of certified public accountants that the moneys so deposited will be sufficient, without reinvestment, to pay debt service on all Bonds to the due date thereof;

(c) all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee; and

(d) The Trustee and the Remarketing Agent shall have received an opinion of Bond Counsel that such Bonds have been legally defeased under this Indenture and that such refunding or defeasance shall not affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxes.

A new certificate of the type specified in clause (b) of the preceding sentence shall be provided to the Trustee in the event any substitute securities are provided to the Trustee.

At such time as a Bond or portion thereof shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of Sections 203, 207 and 313 and by any such payment from such moneys or Government Obligations.

Any moneys so deposited with the Trustee as provided in this Article may at the direction of the Issuer be invested and reinvested in non-callable, non-prepayable Government Obligations maturing in the amounts and at the times as hereinbefore set forth, and all income from all such Government Obligations in the hands of the Trustee pursuant to this Article which is not required (based upon a verification provided by a firm of certified public accountants) for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Debt Service Fund as and when realized and collected for use and application as are other moneys deposited in that Fund.

Notwithstanding the provisions of any other Article of this Indenture that may be contrary to the provisions of this Article, all such money or Government Obligations set aside and held in trust pursuant to the provisions of this Article and for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such money and Government Obligations have been so set aside in trust.

Anything in Article X to the contrary notwithstanding, if such moneys or noncallable Government Obligations have been deposited or set aside with the Trustee pursuant to this Article XII for the payment of Bonds and interest and premium thereon, if any, and such Bonds have not in fact been actually paid in full, no amendment to the provisions of this Article XII may be made without the consent of the Owner of each Bond affected thereby.

## ARTICLE XIII
## MISCELLANEOUS

Section 1301. Consents, Etc., of Bondowners. Any consent, approval, direction or other instrument required by this Indenture to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners in person or by agent appointed in writing. Proof of the execution of any such consent, approval, direction or other instrument or of the writing appointing any such agent, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

(a) the fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such instrument or writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution; and

(b) the fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the registration books maintained by the Trustee pursuant to Section 203.

Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Owner of any Bonds shall be conclusive and binding upon all future Owners of the same Bonds and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

Section 1302. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Bank, the Borrowers, the Remarketing Agent and the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture. This Indenture and all of the covenants, conditions and provisions hereof are intended to be and are for the sole and exclusive benefit of the parties hereto, the Owners of the Bonds, the Bank, the Remarketing Agent and the Borrowers as herein provided.

Section 1303. Severability. If any provision of this Indenture shall be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

Section 1304. Notices. Except as otherwise provided herein, all notices, certificates or other communications shall be sufficiently given and (except for notices to the Trustee, which shall be deemed given only when actually received by the Trustee) shall be deemed given on the second day following the date on which the same have been personally delivered, delivered by overnight courier (with signed receipt) or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

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| If to the Issuer: | Housing Authority of the City of San Diego<br>1122 Broadway, Suite 300<br>San Diego, California 92101<br>Attention: Executive Director<br>Phone: (619) 578-7575 |

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| If to the Borrowers: | 220 W Broadway Development Partners, L.P.<br>5000 East Spring Street, Suite 500<br>Long Beach, California 90815<br>Attention: Tom Warren<br>Phone: (206) 465-4569<br><br>Affordable Housing Access, Inc.<br>3920 Birch Street, Suite 103<br>Newport Beach, California 92660<br>Attention: William Hirsh<br>Phone: (949) 253-3120 |
| With copies to (which shall not constitute notice to Borrowers): | Oregon Law Group PC<br>1675 SW Marlow Avenue, Suite 404<br>Portland, Oregon 97225<br>Attention: Joel Kaplan, Esq.<br>Phone: (971) 285-4620<br><br>Chernove & Associates, Inc.<br>16027 Ventura Boulevard, Suite 660<br>Encino, California 91436<br>Attention: Sheldon Chernove, Esq.<br>Phone: (818) 377-8102 |
| And copies to | North America Sekisui House, LLC<br>9171 Towne Centre Drive, Suite 335<br>San Diego, California 92122<br>Attention: Hiroaki Takahama<br>Phone: (858) 766-9908<br><br>NASH Advisory Services LLC<br>2001 Richmond Highway, Suite 701<br>Arlington, Virginia 22202<br>Attention: Tom McKay<br>Phone: (703) 740-0317 |
| With a copy to: | Morrison & Foerster LLP<br>Shin-Marunouchi Building 5-1, Marunouchi 1-chome<br>Chiyoda-ku, Tokyo 100-6529<br>Attention: Joshua Isenberg, Esq.<br>Phone: (213) 892-5622 |

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| If to the Underwriter: | Stifel, Nicolaus & Company, Incorporated<br>1401 Lawrence Street, Suite 900<br>Denver, Colorado 80202<br>Attention: Brad Edgar<br>Phone: (303) 291-5263 |
| If to the Trustee: | U.S. Bank National Association<br>Global Corporate Trust Services<br>633 West Fifth Street, 24th Floor<br>Los Angeles, CA 90071<br>Attention: Julia Hommel<br>Phone: (213) 615-6024 |
| If to the Rating Agency: | S&P Global Ratings<br>55 Water Street, 41st Floor<br>New York, NY 10041<br>Attention: Public Finance-Structured LOC Surveillance<br>Electronic: pubfin_structured@spglobal.com |
| If to the Remarketing Agent: | Stifel, Nicolaus & Company, Incorporated<br>1401 Lawrence Street, Suite 900<br>Denver, Colorado 80202<br>Attention: Brad Edgar<br>Phone: (303) 291-5263 |

A duplicate copy of each notice, certificate or other communication given hereunder by one party to another party shall also be given to the others named in this Section. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. 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.

In addition to all other notices required by this Indenture, the Trustee covenants to provide the Rating Agency and the Remarketing Agent, notice of the following events upon their occurrence: (1) any change in the Trustee or the Remarketing Agent, (2) the termination, expiration, extension or renewal of the Letter of Credit, (3) provision of a Substitute Letter of Credit, (4) any amendment to this Indenture, the Letter of Credit, the Reimbursement Agreement, the Mortgage Loan Documents or the Deed of Trust, if actually known to it, (5) any redemption of Bonds pursuant to Section 602, (6) defeasance in accordance with Article XII, (7) any Conversion, or (8) any mandatory tender or acceleration of the Bonds; provided, that the Trustee shall provide notice of any of the events listed in clause (4) above of which the Trustee has actual knowledge.

Section 1305. Payments Due on Other Than Business Days. In any case where the date of payment of principal, premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds, or the date for performing any act or exercising any right, shall be a day other than a Business Day, then payment of interest or principal and premium, if any, or the performance of such act or exercise of such right need not be made on such date but may be made on the next

succeeding Business Day with the same force and effect as if it had been made on the date scheduled for such payment, performance, or exercise.

Section 1306. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1307. Applicable Law. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

Section 1308. Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Indenture.

Section 1309. Compliance Certificates and Opinions. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than those of counsel to the Bank) shall, if applicable, comply with Section 713 and shall include:

(a) a statement that the Person or Persons making such certificate or opinion have read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of the signers, such condition or covenant has been complied with.

Section 1310. Conflict with Trust Indenture Act of 1939. If this Indenture is required to be qualified under the Indenture Act and the Indenture Act requires that a provision be included in this Indenture that limits, qualifies or conflicts with another provision hereof, such required provision shall control.

Section 1311. Successors. Whenever in this Indenture either the Issuer or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Issuer or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1312. Regulatory Agreement; Records. The Trustee shall hold in safekeeping, for seven years after any of the Bonds are Outstanding, all documents, if any, delivered to it by the Issuer in respect of the Borrowers' compliance with the Regulatory Agreement and all other documents and records with respect to the Bonds. The Trustee may, or if the Issuer shall fail to act and the Trustee has actual knowledge thereof as provided in Section 904 or the Trustee is directed by the Issuer, the Trustee, shall, subject to the provisions hereof, including Section 901(g), take all actions available under the Regulatory Agreement to enforce compliance therewith.

Section 1313. Compliance with Secondary Disclosure Requirements of the Securities and Exchange Commission. Pursuant to Section 6.18 of the Loan Agreement, the Borrowers have undertaken all responsibility to comply with the continuing disclosure requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule") if all or a part of the Bonds are converted to a Fixed Rate and if such disclosure requirements are then applicable to the Borrowers under the Rule. Neither the Issuer nor the Trustee shall have any liability to the Owners of the Bonds or any other Person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of the Borrowers to comply with Section 6.18 of the Loan Agreement shall not be considered an Event of Default under this Indenture; however the disclosure agent may (and, at the request of the Owners of at least a majority in aggregate principal amount of the Bonds Outstanding and payment of its fees and expenses, including attorneys' fees, shall) or any Bondowner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrowers or the disclosure agent, to comply with their obligations under Section 6.18 of the Loan Agreement.

Section 1314. Reliance by Bank. The Bank is a third party beneficiary of this Indenture and may enforce the same in accordance with its terms in all respects except as to any enforcement of, or rights under, the Deed of Trust.

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IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be signed all as of the day and year first above written.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By_____
Richard C. Gentry
Executive Director

[Issuer Signature Page- Indenture of Trust- Courthouse Commons)

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By_____
Authorized Signatory

[Trustee Signature Page- Indenture of Trust- Courthouse Commons)

EXHIBIT A

FORM OF BOND
[Form of Face of Bond]

STATE OF CALIFORNIA

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

VARIABLE RATE DEMAND MULTIFAMILY REVENUE BONDS (COURTHOUSE COMMONS), SERIES 2020 F

No. 1 CUSIP No. _____

DATED DATE: [Date]

MATURITY DATE: [Maturity Date]

INTEREST RATE: VARIABLE

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: $24,000,000

THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, but solely from the sources and in the manner hereinbelow provided, on the Maturity Date specified above, the Principal Amount specified above that remains outstanding as of such date, being the aggregate amount of all draws on the Bonds pursuant to the Indenture (unless all or any portion thereof shall have been duly called for prior redemption and payment of the redemption price hereof shall have been duly made or provided for) and premium, if any, and to pay to such Registered Owner from such sources interest thereon from the later of the date hereof or the most recent date to which interest has been paid or made available for payment, at the rate per annum determined as described below on the first Business Day of each month, commencing _____, 2020 (each, an "Interest Payment Date" as defined in the Indenture). The principal and purchase price of, premium, if any, and interest on the Bonds (as hereinbelow defined) shall be payable in lawful money of the United States of America.

The principal of this Bond and premium, if any, is payable, upon presentation and surrender hereof, at the principal corporate trust office (the "Principal Office") designated in writing by U.S. Bank National Association, or its successor, as trustee (the "Trustee") under the Indenture of Trust dated as of _____ 1, 2020 (the "Indenture"), between the Issuer and the Trustee. Payment of interest on this Bond shall be made to the Registered Owner hereof by wire transfer on the Interest Payment Date to the person in whose name this Bond is registered on the Business Day immediately preceding the applicable Interest Payment Date while this Bond is in book-entry form (or on the fifth Business Day immediately preceding the Interest Payment Date if this Bond is in certificated form), using the wire instructions for such Registered Owner shown on the registration books of the Trustee. Notwithstanding the foregoing, as long as the Bonds are registered in the name of Cede & Co., or its registered assigns, as nominees of The Depository Trust Company ("DTC"), payments of principal of and interest on this Bond will be made on the

date such money is due and payable at the place and in the manner and notice shall be given, as provided in the Letter of Representations to DTC.

This Bond is one of the Issuer's Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons), Series 2020 F, in the aggregate principal amount of $24,000,000 (the "Bonds"), issued under and pursuant to the Constitution and laws of the State of California, particularly Chapter 1 of Part 2 of Division 24 (commencing at Section 34200) of the Health and Safety Code. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security for the Bonds, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

All capitalized terms used but not defined herein shall have the meanings given in the Indenture.

Until Conversion to a Fixed Rate, the rate of interest hereon shall be calculated on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed, and shall be a rate (the "Variable Rate"), determined by the remarketing agent appointed pursuant to the Indenture (the "Remarketing Agent"), on each Business Day with respect to Daily Rate Bonds or on the Weekly Rate Determination Date with respect to Weekly Rate Bonds; provided, that no new Daily Rate shall become effective within one Business Day prior to any Interest Payment Date. The Daily Rate or Weekly Rate determined by the Remarketing Agent shall be that rate of interest which, if borne by the Bonds, would, in its judgment having due regard to prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to produce as nearly as practicable a par bid (disregarding accrued interest) if Bonds were sold on the Determination Date; provided, however, that the Variable Rate so determined will not at any time exceed 12% per annum unless and to the extent that a Letter of Credit is delivered to the Trustee in an amount equal to the then outstanding principal amount of the Bonds plus interest thereon for a period of 37 days at such higher Maximum Interest Rate.

The determination of the Variable Rate by the Remarketing Agent shall (in the absence of manifest error) be conclusive and binding on the owners of the Bonds, the Issuer, the Bank, the Trustee and the Remarketing Agent. Any Registered Owner may obtain information on the Variable Rate by request to the Trustee.

Any Bond or $5,000 units of principal amount thereof in excess of $100,000 (so long as the remaining portion of any such Bond purchased in part is also in an Authorized Denomination) will be purchased on any Business Day until and including the date of Conversion to a Fixed Rate, on demand of the Registered Owner or Beneficial Owner of such Bond, at a purchase price equal to 100% of the principal amount thereof, plus interest accrued thereon, if any, to the date of purchase upon (a) delivery at the time set forth in the Indenture, to the Trustee and the Remarketing Agent of an irrevocable written notice (a "Tender Notice") that states (i) the principal amount of such Bond for which payment is demanded, and (ii) the CUSIP numbers of the Bonds to be tendered, (iii) the Demand Date on which such Bond or portion thereof shall be purchased (the "Demand Date"), (A) which date shall be any Business Day with respect to Daily Rate Bonds, or (B) which date shall be a Business Day not prior to the seventh day next succeeding the date of the receipt of the Tender Notice by the Trustee and Remarketing Agent with respect to Weekly Rate Bonds; and (b) if the Bond is in certificated form, delivery to the Trustee or the Remarketing Agent, at the time set forth in the Indenture, on the Demand Date, of such Bond (with an appropriate transfer of registration form executed in blank and in form satisfactory to the Trustee).

Payment of the Purchase Price of any Bond so delivered shall be made by wire transfer, as designated in the Tender Notice. No Bonds shall be so purchased if an Event of Default under Section 801(a) or (b) of the Indenture shall have occurred and be continuing. No Bonds shall be remarketed if all of the Bonds shall have been called for redemption or mandatory tender unless the new purchaser has received prior notice from the Remarketing Agent of such redemption or tender.

The Bonds shall initially bear interest at a Weekly Rate. The rate of interest on the Bonds may, at the option of the Borrowers on any Interest Payment Date, be established at a fixed rate or be established at a Weekly Rate from a Daily Rate or at a Daily Rate from a Weekly Rate (the "Conversion Date") in accordance with the procedures set forth in the Indenture. The Trustee shall give notice of conversion to the owners of the Bonds, in the same manner that notices of redemption are given, not less than 10 days before the Conversion Date, specifying that the Bonds are subject to mandatory tender for purchase on the Conversion Date. IF THIS BOND IS NOT TENDERED FOR PURCHASE BY THE CONVERSION DATE, IT WILL BE DEEMED TO HAVE BEEN SO TENDERED AND PURCHASED ON THE CONVERSION DATE, AT A PRICE EQUAL TO THE PRINCIPAL AMOUNT HEREOF PLUS INTEREST ACCRUED TO THE CONVERSION DATE.

The Issuer shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrowers under the Loan Agreement.

This Bond shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture unless this Bond is authenticated by the Trustee by the due execution of the Trustee's certificate endorsed hereon.

The Bonds are special, limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as defined in the Indenture), consisting primarily of amounts drawn under an irrevocable direct-pay letter of credit issued by Mizuho Bank, Ltd., acting through its New York Branch (the "Bank"), for the account of 220 W Broadway Market Rate 2, LLC and 220 W Broadway Development Partners, L.P. (collectively, the "Borrowers"), in favor of the Trustee concurrently with the issuance of the Bonds, or any qualified letter of credit issued in substitution therefor (such initial letter of credit or substitute being referred to herein as the "Letter of Credit") or Alternate Credit Facility, provided in accordance with the Indenture. The Bonds are issued to provide funds to fund a loan (the "Mortgage Loan") to the Borrowers pursuant to a Loan Agreement, dated as of _____ 1, 2020 (the "Loan Agreement") among the Issuer, the Trustee and the Borrowers, to finance multifamily housing facilities (the "Project").

The Bonds will be subject to a mandatory tender on the Substitution Date of any Substitute Letter of Credit or Alternate Credit Facility. THIS BOND WILL BE DEEMED TO BE TENDERED ON THE SUBSTITUTION DATE AND SHALL BE PURCHASED ON SUCH DATE, AT A PRICE EQUAL TO THE PRINCIPAL AMOUNT HEREOF PLUS INTEREST ACCRUED TO THE SUBSTITUTION DATE.

The Bonds are issuable only as fully registered Bonds without coupons in denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000 except as otherwise provided in the Indenture. Subject to the limitations and upon payment of the charges, if any, provided in

the Indenture, Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount and of other Authorized Denominations, as defined in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds of Authorized Denomination or denominations, and for the same aggregate principal amount, will be issued to the transferee in exchange herefor. The Issuer and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

Notwithstanding any provision of this Bond or the Indenture to the contrary, the Issuer shall be permitted to direct Mortgage Note prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to prepay a like portion of this Bond, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of this Bond. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

The Bonds are subject to mandatory and optional redemption prior to their stated maturity as set forth in the Indenture.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

The Indenture contains provisions permitting the Issuer and the Trustee to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture.

No officer, agent or employee of the Issuer, and no officer, official, agent or employee of the State of California, nor any person executing this Bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of the Bonds.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Bond 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.

ISSUER:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Richard C. Gentry,
Executive Director

[SEAL]

ATTEST:

By: _____
Deputy Secretary

[Form of]

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been registered on this date:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By_____

Authorized Signatory

[Form of]

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and do(es) hereby irrevocably constitutes and appoint _____ attorney, to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

_____

Registered Owner

Signature Guaranteed:

_____

Signature(s) must be guaranteed
pursuant to law.

NOTICE: The signature on this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever. The Trustee will register a Bond in the name of a transferee only if provided with the information requested above. The transferee (or his designated representative) should provide as much of the information requested below as is applicable to him prior to submitting this Bond for transfer.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT (TRANSFERS) MIN ACT –
Custodian
(Cust) (Minor)
under Uniform Gifts (Transfers) to Minors Act

(State)

Additional abbreviations may also be used, though not in the above list.

FORM OF BOND UPON CONVERSION
[Form of Face of Bond]

STATE OF CALIFORNIA

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY REVENUE BONDS
(COURTHOUSE COMMONS), SERIES 2020 F

No. CUSIP No.

DATED DATE: [_____]

MATURITY DATE: [_____]

FIXED INTEREST RATE: [_____%]

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: DOLLARS

THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, but solely from the sources and in the manner hereinbelow provided, on the Maturity Date specified above, unless this Bond shall have been duly called for prior redemption and payment of the redemption price hereof shall have been duly made or provided for, the Principal Amount set forth above and premium, if any, and to pay to such Registered Owner from such sources interest thereon from the later of the date hereof or the most recent date to which interest has been paid or made available for payment, at the rate per annum equal to the Fixed Interest Rate stated above, on _____ 1 and _____ 1 of each year, commencing [Date] (each, an "Interest Payment Date"). Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months. If an Interest Payment Date is not a Business Day, the amount due and payable on such date shall be paid on the next succeeding Business Day. The principal of, premium, if any, and interest on the Bonds (as hereinbelow defined) shall be payable in lawful money of the United States of America.

The principal of this Bond and premium, if any, is payable, upon presentation and surrender hereof, at the principal corporate trust office (the "Principal Office") designated in writing by U.S. Bank National Association, or its successor, as trustee (the "Trustee") under the Indenture of Trust dated as of _____ 1, 2020 (the "Indenture"), between the Issuer and the Trustee. Payment of interest on this Bond shall be made to the Registered Owner hereof by wire transfer on the Interest Payment Date to the person in whose name this Bond is registered on the Business Day immediately preceding the applicable Interest Payment Date while this Bond is in book-entry form (or on the fifth Business Day immediately preceding the Interest Payment Date if this Bond is in certificated form), using the wire instructions for such Registered Owner shown on the registration books of the Trustee. Notwithstanding the foregoing, as long as the Bonds are registered in the name of Cede & Co., or its registered assigns, as nominees of The Depository Trust Company ("DTC"), payments of principal of and interest on this Bond will be made on the

date such money is due and payable at the place and in the manner and notice shall be given, as provided in the Letter of Representations to DTC.

This Bond is one of the Issuer's Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons), Series 2020 F, in the maximum aggregate principal amount of $24,000,000 (the "Bonds"), issued under and pursuant to the Constitution and laws of the State of California, particularly Chapter 1 of Part 2 of Division 24 (commencing at Section 34200) of the Health and Safety Code. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security for the Bonds, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

All capitalized terms used but not defined herein shall have the meanings given in the Indenture.

Until Conversion to a Fixed Rate, the rate of interest hereon shall be calculated on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed, and shall be a rate (the "Variable Rate"), determined by the remarketing agent appointed pursuant to the Indenture (the "Remarketing Agent"), on each Business Day with respect to Daily Rate Bonds or on the Weekly Rate Determination Date with respect to Weekly Rate Bonds; provided, that no new Daily Rate shall become effective within one Business Day prior to any Interest Payment Date. The Daily Rate or Weekly Rate determined by the Remarketing Agent shall be that rate of interest which, if borne by the Bonds, would, in its judgment having due regard to prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to produce as nearly as practicable a par bid (disregarding accrued interest) if Bonds were sold on the Determination Date; provided, however, that the Variable Rate so determined will not at any time exceed 12% per annum unless and to the extent that a Letter of Credit is delivered to the Trustee in an amount equal to the then outstanding principal amount of the Bonds plus interest thereon for a period of 37 days at such higher Maximum Interest Rate.

The determination of the Variable Rate by the Remarketing Agent shall (in the absence of manifest error) be conclusive and binding on the owners of the Bonds, the Issuer, the Bank, the Trustee and the Remarketing Agent. Any Registered Owner may obtain information on the Variable Rate by request to the Trustee.

Any Bond or $5,000 units of principal amount thereof in excess of $100,000 (so long as the remaining portion of any such Bond purchased in part is also in an Authorized Denomination) will be purchased on any Business Day until and including the date of Conversion to a Fixed Rate, on demand of the Registered Owner or Beneficial Owner of such Bond, at a purchase price equal to 100% of the principal amount thereof, plus interest accrued thereon, if any, to the date of purchase upon (a) delivery at the time set forth in the Indenture, to the Trustee and the Remarketing Agent of an irrevocable written notice (a "Tender Notice") that states (i) the principal amount of such Bond for which payment is demanded, and (ii) the CUSIP numbers of the Bonds to be tendered, (iii) the date on which such Bond or portion thereof shall be purchased (the "Demand Date"), (A) which date shall be any Business Day with respect to Daily Rate Bonds, or (B) which date shall be a Business Day not prior to the seventh day next succeeding the date of the receipt of the Tender Notice by the Trustee and Remarketing Agent with respect to Weekly Rate Bonds; and (b) if the Bond is in certificated form, delivery to the Trustee or the Remarketing Agent, at the time set forth in the Indenture, on the Demand Date, of such Bond (with an appropriate transfer of registration form executed in blank and in form satisfactory to the Trustee).

Payment of the Purchase Price of any Bond so delivered shall be made by wire transfer, as designated in the Tender Notice. No Bonds shall be so purchased if an Event of Default under Section 801(a) or (b) of the Indenture shall have occurred and be continuing. No Bonds shall be remarketed if all of the Bonds shall have been called for redemption or mandatory tender unless the new purchaser has received prior notice from the Remarketing Agent of such redemption or tender.

The Bonds shall initially bear interest at a Weekly Rate. The rate of interest on the Bonds may, at the option of the Borrowers on any Interest Payment Date, be established at a fixed rate or be established at a Weekly Rate from a Daily Rate or at a Daily Rate from a Weekly Rate (the "Conversion Date") in accordance with the procedures set forth in the Indenture. The Trustee shall give notice of conversion to the owners of the Bonds, in the same manner that notices of redemption are given, not less than 10 days before the Conversion Date, specifying that the Bonds are subject to mandatory tender for purchase on the Conversion Date. IF THIS BOND IS NOT TENDERED FOR PURCHASE BY THE CONVERSION DATE, IT WILL BE DEEMED TO HAVE BEEN SO TENDERED AND PURCHASED ON THE CONVERSION DATE, AT A PRICE EQUAL TO THE PRINCIPAL AMOUNT HEREOF PLUS INTEREST ACCRUED TO THE CONVERSION DATE.

The Issuer shall not be liable for payment of the principal of or interest on the Bonds or any other 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 Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrowers under the Loan Agreement.

This Bond shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture unless this Bond is authenticated by the Trustee by the due execution of the Trustee's certificate endorsed hereon.

The Bonds are special, limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as defined in the Indenture), consisting primarily of amounts drawn under an irrevocable direct-pay letter of credit issued by Mizuho Bank, acting through its New York Branch (the "Bank"), for the account of 220 W Broadway Market Rate 2, LLC and 220 W Broadway Development Partners, L.P. (collectively, the "Borrowers"), in favor of the Trustee concurrently with the issuance of the Bonds, or any qualified letter of credit issued in substitution therefor (such initial letter of credit or substitute being referred to herein as the "Letter of Credit") or Alternate Credit Facility, provided in accordance with the Indenture. The Bonds are issued to provide funds to fund a loan (the "Mortgage Loan") to the Borrowers pursuant to a Loan Agreement, dated as of _____ 1, 2020 (the "Loan Agreement") among the Issuer, the Trustee and the Borrowers, to finance multifamily housing facilities (the "Project").

The Bonds will be subject to a mandatory tender on the Substitution Date of any Substitute Letter of Credit or Alternate Credit Facility. THIS BOND WILL BE DEEMED TO BE TENDERED ON THE SUBSTITUTION DATE AND SHALL BE PURCHASED ON SUCH DATE, AT A PRICE EQUAL TO THE PRINCIPAL AMOUNT HEREOF PLUS INTEREST ACCRUED TO THE SUBSTITUTION DATE.

The Bonds are issuable only as fully registered Bonds without coupons in denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000 except as otherwise provided in the Indenture. Subject to the limitations and upon payment of the charges, if any, provided in

the Indenture, Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount and of other Authorized Denominations, as defined in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds of Authorized Denomination or denominations, and for the same aggregate principal amount, will be issued to the transferee in exchange herefor. The Issuer and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Bonds are subject to mandatory tender and to mandatory and optional redemption prior to their stated maturity as set forth in the Indenture.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

The Indenture contains provisions permitting the Issuer and the Trustee to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture.

No officer, agent or employee of the Issuer, and no officer, official, agent or employee of the State of California, nor any person executing this Bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of the Bonds.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Bond 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.

ISSUER:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Richard C. Gentry,
Executive Director

[SEAL]

ATTEST:

By: _____
Deputy Secretary

[Form of]

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been registered on this date:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By_____

Authorized Signatory

[Form of]

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and do(es) hereby irrevocably constitutes and appoint _____ attorney, to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

_____

Registered Owner

Signature Guaranteed:

_____

Signature(s) must be guaranteed
pursuant to law.

NOTICE: The signature on this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever. The Trustee will register a Bond in the name of a transferee only if provided with the information requested above. The transferee (or his designated representative) should provide as much of the information requested below as is applicable to him prior to submitting this Bond for transfer.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT (TRANSFERS) MIN ACT –

_____ Custodian_____
(Cust) (Minor)

under Uniform Gifts (Transfers) to Minors Act

_____
(State)

Additional abbreviations may also be used, though not in the above list.

EXHIBIT B
Initial Deposit of Funds

Indenture Section 303

| Sources | Mortgage Loan Fund | Cost of Issuance Fund | Total |
|---|---|---|---|
| Bonds | $[_____] | $0 | $[_____] |
| Borrower Equity | $0 | $[_____] | $ [_____] |
| Total: | | | $[_____] |

EXHIBIT C
Transferee Representation Letter

**[Transfer Date]**

**Re:** $24,000,000 Maximum Principal Amount

Housing Authority of the City of San Diego

Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons)

Series 2020 F

The undersigned, as Transferee (the "Transferee") acknowledges receipt of $[OUTSTANDING PAR] in aggregate principal amount of the above-referenced bonds (the "Bonds") being the currently outstanding principal amount of the Bonds.

The undersigned acknowledges that the Bonds were issued for the purpose of making a mortgage loan to assist in the financing of the acquisition and construction of a certain multifamily housing facility located in the City of San Diego, California, as more particularly described in that certain Loan Agreement dated as of _____ 1, 2020 (the "Loan Agreement"), by and among the Housing Authority of the City of San Diego ("Issuer"), 220 W Broadway Market Rate 2, LLC and 220 W Broadway Development Partners, L.P. (each individually a Borrower and jointly and severally, the "Borrowers") and U.S. Bank National Association, as Trustee (the "Trustee"). The undersigned further acknowledges that the Bonds are secured by an Indenture of Trust dated as of _____ 1, 2020 between the Issuer and the Trustee, and hereby represents that:

1. The Transferee has sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the Bonds. The Transferee is able to bear the economic risks of such investment.

2. The Transferee 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 Transferee would attach significance in making investment decisions, and the Transferee has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Project, the use of proceeds of the Bonds and the security therefor so that, as a reasonable Transferee, the Transferee has been able to make its decision to purchase the Bonds. The Transferee acknowledges that it has not relied upon the Issuer for any information in connection with the Transferee's purchase of the Bonds.

3. The Transferee is (a) a "qualified institutional buyer" ("QIB") as defined in Rule 144A promulgated under the Securities Act, (b) an affiliate of the Administrative Agent or the Issuing Bank (in each case as defined in the Reimbursement Agreement) or (c) a trust or custodial arrangement established by the Administrative Agent or one of its affiliates, the beneficial interests in which will be owned only by QIBs.

4. The Transferee acknowledges that it is purchasing the Bonds 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 Bonds;

provided, however, that the Transferee may sell or transfer the Bonds to (a) a QIB, (b) an affiliate of the Transferee or (c) a trust or custodial arrangement established by the Transferee or one of its affiliates, the beneficial interests in which will be owned only by QIBs, in each case who executes and delivers a Transferee Representation Letter substantially in the form hereof, and otherwise in compliance with Section 203 of the Indenture. The Transferee acknowledges that it is solely responsible for compliance, and covenants and agrees with the Issuer that it will comply, with the Indenture and all applicable federal or state securities laws then in effect with respect to any subsequent sale, transfer or other disposition of the Bonds, including disclosure of material information (without involving the Issuer in any manner).

5. In the event any disclosure document to be provided to any subsequent buyer or beneficial owner of such portion of the Bonds will disclose information with respect to the Issuer other than its name, location and type of political subdivision and general information with respect to the Bonds and related documents, the Transferee will provide the Issuer with a draft of such disclosure document and the Issuer shall have the right to approve any description of the Issuer therein (which approval shall not be unreasonably withheld, conditioned or delayed).

6. The Transferee understands that the Bonds are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) are not being rated by any national securities rating agency, and (d) will be delivered in a form which may not be readily marketable.

7. The Transferee understands that the Bonds are limited obligations of the Issuer, payable solely from funds and moneys pledged and assigned under the Indenture, and that the liabilities and obligations of the Issuer with respect to the Bonds are expressly limited as set forth in the Indenture and related documents.

8.. The Transferee agrees to indemnify and hold harmless the Issuer with respect to any claim asserted against the Issuer that is based upon the sale, transfer or disposition of the Bonds by the Transferee in violation of the Indenture.

8. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[Remainder of page intentionally left blank]

[TRANSFEREE]

By:_____
Name:
Title:

[Transferee Letter – Courthouse Commons]

JONES HALL

475 Sansome Street
Suite 1700
San Francisco, CA 94111
t. 415.391.5780
f. 415.276.2088

May 28, 2020

To: Housing Authority of the City of San Diego

From: Josh Anzel, Esq.
Stacey Hanson, Esq.
Jones Hall, A Professional Law Corporation

Re: Variable Rate Multifamily Housing Revenue Bonds (Courthouse Commons) Series 2020 F

**Summary of Blanks in Documents to be Considered on June 16, 2020**

If approved by the Housing Authority of the City of San Diego (the "**Authority**"), the bonds referenced above (the "**Bonds**") for Courthouse Commons are expected to be issued in September 2020. The proposed forms of bond documents relating to the Bonds consist of an Indenture of Trust, Loan Agreement, a Regulatory Agreement and Declaration of Restrictive Covenants, a Bond Purchase Agreement, and the Preliminary Official Statement (collectively, the "**Bond Documents**") and contain certain blanks and bracketed items that relate generally to transaction pricing and closing timing.

Stifel, Nicolaus & Company, Incorporated, as underwriter (the "**Underwriter**"), will facilitate a public offering of the Bonds pursuant to the Bond Purchase Agreement.

The following table provides a summary of the blanks in the Bond Documents and indicates the parties responsible for providing the required information. Capitalized terms used below have the definitions ascribed to them in the related agreement.

| DOCUMENT | LOCATION | ITEM | RESPONSIBLE PARTY |
|---|---|---|---|
| **Indenture of Trust** | Throughout | Dates:<br>• Closing date<br>• Maturity date<br>• Dated date of documents<br>• Completion date<br>• Initial interest payment date and ongoing interest payment dates after Fixed Rate Conversion Date | Bond Counsel & Underwriter |
| | Section 314 - Annual Sweep of Excess Funds | Date on which the Debt Service Fund will annually be swept to the Borrowers. | Borrower & Underwriter |
| | Section 602(b)(ii) - Optional Redemption | Dates on which Bonds may be optionally redeemed upon and after the Fixed Rate Conversion Date. | Bond Counsel & Underwriter |
| | Exhibit B - Initial Deposit of Funds | Deposit amounts to Mortgage Loan Fund and Cost of Issuance Fund at closing. | Borrower & Underwriter |

| | | | |
|---|---|---|---|
| **Regulatory Agreement** | Throughout | • Dated date of documents<br>• APN of Affordable Rate Condominium<br>• APN of Market Rate Condominium | Bond Counsel & Borrower |
| | Exhibit A - Legal Description | Legal description of the site | Borrower |

| | | | |
|---|---|---|---|
| **Loan Agreement** | Throughout | Dates | Bond Counsel |
| | Section 5.4 - Optional Prepayment of Mortgage Note | Dates on which Borrowers may prepay the Mortgage Note upon and after the Fixed Rate Conversion Date. | Bond Counsel & Underwriter |
| | Exhibit E - Permitted Encumbrances | Permitted Encumbrances | Underwriter & Borrower |

| | | | |
|---|---|---|---|
| **Bond Purchase Agreement** | Throughout | Dated date of documents | Underwriter's Counsel |
| | Section 1(c) | • Underwriting fee<br>• Fees and expenses of Underwriter's Counsel | Underwriter's Counsel |
| | Section 2 | Closing date | Underwriter's Counsel |
| | Section 6 | Date of Preliminary Official Statement | Underwriter's Counsel |
| | Exhibit A | • Maturity date<br>• Date of closing | Underwriter's Counsel |

| | | | |
|---|---|---|---|
| **Preliminary Official Statement** | Throughout | Dates:<br>• CUSIP information<br>• Dated date of documents<br>• Closing date<br>• Maturity date<br>• Initial interest payment date and ongoing interest payment dates after Fixed Rate Conversion Date | Underwriter's Counsel |
| | Appendix A | Completion date | |

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 APPROVING THE ISSUANCE OF BONDS BY THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO FOR COURTHOUSE COMMONS.

WHEREAS, the Housing Authority of the City of San Diego (Authority) intends to issue multifamily housing revenue bonds in an aggregate principal amount not to exceed $24,000,000, including but not limited to revenue bonds issued as part of a plan of finance (Bonds) to finance or refinance the acquisition, construction and development of a multifamily rental housing project in the City of San Diego (City) described in the Notice of Public Hearing attached hereto as Exhibit A (Project); and

WHEREAS, in order for interest on the Bonds to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986 (Code) requires that the Bonds be approved by the City Council as the applicable elected representative after a public hearing following reasonable public notice; and

WHEREAS, the City Council previously approved the Bonds for purposes of section 147(f) of the Code (Prior Approval), after publication of a notice of public hearing and the holding of such public hearing on July 30, 2019, but the Prior Approval is expected to expire pursuant to the Code before the issuance of the Bonds; and

WHEREAS, one or more notice(s) of a new public hearing with respect to the proposed issuance of the Bonds were timely published in accordance with said section 147(f); and

WHEREAS, the new public hearing was held on June 16, 2020, and an opportunity was provided for interested persons to express their views on the issuance of the Bonds and on the nature and location of the Project; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego that this City Council, as the applicable elected representative under section 147(f) of the Code, approves the issuance of the Bonds by the Authority.

BE IT FURTHER RESOLVED, that the City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No moneys of the City will be pledged or applied to the repayment of the Bonds.

APPROVED: MARA W. ELLIOTT, City Attorney

By _____
Marguerite E. Middaugh
Deputy City Attorney

MEM:jdf
[_____]
Or. Dept.: SDHC
Doc. No.: [_____]

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____ _____
(date) KEVIN L. FAULCONER, Mayor

Vetoed: _____ _____
(date) KEVIN L. FAULCONER, Mayor

EXHIBIT A

## NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego on June 16, 2020, at the hour of 11:00 a.m. or as soon thereafter as the matter may be heard, will hold a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986 with respect to a proposed plan of financing for the issuance by the Housing Authority of the City of San Diego of its tax-exempt multifamily housing revenue bonds in one or more series, pursuant to a plan of finance, to finance or refinance the acquisition, construction and development of a multifamily rental housing project described below (Project):

| ***Name*** | ***Location*** | ***Number of Units*** | ***Aggregate Maximum Bond Amount*** |
|---|---|---|---|
| Courthouse Commons | 220 West Broadway, on a site bounded by West Broadway, Front Street, West C Street and Union Street, in San Diego, CA 92101 | 82 | $24,000,000 |

**For details on how to participate in the public hearing and provide comments, see "Public Hearing Access Details" below.**

The Project is expected to consist of two condominiums containing a total of 82 multifamily residential rental units, which will be located within a 37-story high-rise, and any functionally related and subordinate facilities in and around such high-rise.

The owner of one condominium will be 220 W Broadway Market Rate 2, LLC, or another entity to be formed by an affiliate of Holland Partner Group, LLC (HPG), and an affiliate of North America Sekisui House, LLC (NASH). Such condominium will include 41 residential units that will be rented at market rate rents.

The owner of the other condominium will be 220 W Broadway Development Partners, L.P., or another entity to be formed by affiliates of HPG and NASH. Such condominium will include 41 residential units that will be rented at affordable rents to very low-income tenants.

The Project is part of a mixed-used development with 431 residential units, approximately 19,000 gross square feet of retail space, approximately 269,000 gross square feet of office space and five levels of subterranean parking.

### Public Hearing Access Details

City Council meetings will be conducted pursuant to the provisions of California Executive Order 29-20, which suspends certain requirements of the Ralph M. Brown Act and the Temporary Rules of Council as approved on April 7, 2020.

During the current State of Emergency and in the interest of public health and safety, most—and possibly all—of the Council Members will be participating in City Council meetings by teleconference. In accordance with the Executive Order, there will be no members of the public participating in person at the City Council Meetings. The City is providing alternatives to in-person attendance for viewing and participating in the meetings.

In lieu of in-person attendance, members of the public may participate and provide comment via telephone, using the City Clerk webform, email submission or via U.S. Mail of written materials, as follows:

**Phone in Testimony:**

When the Clerk introduces either the item you would like to comment on or the comment period for Non-Agenda Public Comment or Closed Session Public Comment, follow the instructions within the "Instruction for Public Comment" (found at the following website address: https://www.sandiego.gov/sites/default/files/city_council_public_comment_instructions.pdf) by dialing the number below to be placed in the queue.

1. DIAL 619-541-6310
2. Enter the Access Code: 877861 then press '#'.

**Written Comment Through Webform:**

**Comment** may be submitted using the webform (found at the following website address: www.sandiego.gov/form/agenda-comment-form) indicating the agenda item number for which you wish to submit your comment. Comments received by the start of the meeting will be distributed to the City Council and posted online with the meeting materials. All webform comments are limited to 200 words. Comments received after the start of the meeting but before the item is called will be submitted into the written record for the relevant item.

**Written Materials**. If you wish to submit written materials for submission into the record or have an attachment to your comment, you may email it to cityclerk@sandiego.gov or submit via U.S. Mail 202 C Street, MS2A San Diego, CA 92101. Materials submitted via e-mail will be distributed to the Councilmembers in accordance with the deadlines described above. Materials submitted via U.S. Mail will need to be received the business day prior in order for it to be distributed to the City Council.

The public may view the public hearing on public television (within the City of San Diego only) on City TV Channel 24 for Cox Communications and Time Warner Cable or Channel 99 for AT&T or view the public hearing online at the following website address: http://sandiego.granicus.com/ViewPublisher.php?view_id=31.

Dated: [_____], 2020 CITY COUNCIL OF THE CITY OF SAN DIEGO

This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information herein is subject to revision, completion or amendment in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED _____ __, 2020**

**NEW ISSUE—BOOK ENTRY ONLY** **EXPECTED RATING: S&P: "A / A-1"**
**(See "RATING" herein)**

*In the opinion of Jones Hall, a Professional Law Corporation, San Francisco, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986. It should be noted, however, that such interest is an item of tax preference for purposes of computing the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."*

# Housing Authority of the City of San Diego
# Variable Rate Demand Multifamily Housing Revenue Bonds
# (Courthouse Commons), Series 2020 F – $24,000,000*
# CUSIP: _____

***Dated: Date of Delivery*** ***Price: __%*** ***Due: [_____ 1, 20__]****

The above-captioned Series 2020 F Bonds (the "Bonds") are being issued as fully registered bonds, initially in Authorized Denominations of $100,000 or multiples of $5,000 in excess thereof. The Bonds are being issued as draw down Bonds. See "THE BONDS—General Description of the Bonds" herein. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as initial securities depository for the Bonds. The principal and Purchase Price of and interest on the Bonds will be paid to DTC, which in turn is required to remit such principal, Purchase Price or interest to participants in DTC for subsequent disbursement to the Beneficial Owners of the Bonds. DTC acts as agent solely for its participants and not for the Beneficial Owners of the Bonds, the Issuer or the Underwriter.

Payment of the principal and Purchase Price of and interest on the Bonds bearing interest at a Weekly Rate is supported by and payable from amounts drawn by [_____], as trustee, or its successor (the "Trustee"), under an irrevocable direct pay letter of credit (the "Letter of Credit") issued by Mizuho Bank, Ltd., acting through its New York Branch (the "Initial Letter of Credit Bank").

[MIZUHO BANK LOGO]

The Letter of Credit has a stated expiration date of [_____ __, 20__]*, subject to automatic one-year extensions through [_____ __, 20__]*, in accordance with its terms. The form of the Letter of Credit is attached hereto as Appendix B. The Letter of Credit may be replaced with a Substitute Letter of Credit or an Alternate Credit Facility on certain conditions described herein. The Bonds are subject to mandatory tender on any Business Day on which a Substitute Letter of Credit or Alternate Credit Facility is provided as described herein.

The Bonds are being issued by the Housing Authority of the City of San Diego (the "Issuer") pursuant to an Indenture of Trust, dated as of [_____] 1, 2020 (the "Indenture"), between the Issuer and the Trustee. The proceeds of the Bonds will be loaned (the "Mortgage Loan") to 220 W Broadway Development Partners, L.P., a Delaware limited partnership (the "Affordable Borrower"), and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company (the "Market Rate Borrower," and together with the Affordable Borrower, the "Borrower" or "Borrowers"), to provide money for the construction of a multifamily project and functionally related facilities identified herein. See "THE BORROWER AND THE PLAN OF FINANCE" herein.

The Bonds initially will bear interest at a Weekly Rate, determined by Stifel, Nicolaus & Company, Incorporated, which will serve as the Remarketing Agent. Interest on the Bonds will be payable on the first Business Day of each month, commencing [_____ __], 2020. The Bonds are subject to conversion to other interest rate modes and are subject to mandatory tender for purchase upon such conversion, all as described herein.

The Bonds are subject to acceleration of maturity, optional and mandatory redemption, and to optional and mandatory tender, at the prices and under the circumstances described herein.

**THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEY PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS 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 ISSUER HAS NO TAXING POWER.**

This Official Statement provides certain information concerning the Bonds prior to the Fixed Rate Conversion Date. Owners and prospective purchasers of Bonds should not rely on this Official Statement for information concerning their Bonds on and after the Fixed Rate Conversion Date, but should look to the revisions, amendments, supplements or substitutions hereof for information concerning their Bonds on or after that date.

This cover contains certain information for quick reference only and is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

*The Bonds are offered when, as and if issued and received by the purchasers thereof, and subject to the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, as to the validity of the Bonds and tax-exempt status of the Bonds. Certain legal matters will be passed upon by the City Attorney of San Diego, California, Counsel to the Issuer, by Norris George & Ostrow PLLC, Washington, D.C., Counsel to the Underwriter, by Oregon Law Group, PC, Portland, Oregon and Chernove & Associates, Inc., Encino, California, Counsel to the Borrower, and by Chapman and Cutler LLP, Chicago, Illinois, United States Counsel to the Bank and [_____], Japanese Counsel to the Bank. It is expected that the Bonds will be available for delivery in New York, New York, through the facilities of The Depository Trust Company on or about _____ __, 2020.*

STIFEL

_____ __, 2020

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* Preliminary; subject to change.

The information in this Official Statement set forth under the heading "THE ISSUER" has been furnished by the Issuer. The information set forth under the heading "THE INITIAL LETTER OF CREDIT BANK" has been furnished by the Bank. The information set forth under the heading "THE TRUSTEE" has been furnished by the Trustee. The information set forth in Appendix C has been furnished by DTC. All other information in this Official Statement has been obtained from the Borrower and the other sources identified herein that the Issuer considers to be reliable.

No broker, dealer, salesman or other person has been authorized by the Issuer or the Borrower to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to the registration or qualification under the securities laws of any such jurisdiction. This Official Statement is not to be construed as a contract or agreement between the Issuer or the Borrower and the purchasers or owners of any of the Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. All statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or the Borrower since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, nor has the Indenture (as defined herein) been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Bonds and the security therefor, including an analysis of the risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity has passed upon the accuracy, completeness or adequacy of this Official Statement or approved the Bonds for sale.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Global Market Intelligence, on behalf of the

American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated on the cover page of this Official Statement. The CUSIP number is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

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# OFFICIAL STATEMENT

## Housing Authority of the City of San Diego
## Variable Rate Demand Multifamily Housing Revenue Bonds
## (Courthouse Commons), Series 2020 F – $24,000,000*

## INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, which includes the cover page and appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and appendices hereto, must be considered in its entirety. Certain capitalized terms used in this Official Statement are defined herein and in the appendices hereto. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in the Indenture, the Loan Agreement, the Reimbursement Agreement and the Letter of Credit (as each such term is hereinafter defined).

The purpose of this Official Statement, including the cover and the attached appendices, is to set forth certain information in connection with the sale by the Housing Authority of the City of San Diego (the "Issuer") of the above-captioned Series 2020 F Bonds (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of [_____] 1, 2020 (the "Indenture"), between the Issuer and [_____], as trustee (the "Trustee"). The proceeds of the Bonds will be loaned (the "Mortgage Loan") by the Issuer to 220 W Broadway Development Partners, L.P., a Delaware limited partnership (the "Affordable Borrower"), and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company (the "Market Rate Borrower," and together with the Affordable Borrower, the "Borrower" or "Borrowers"), pursuant to a Loan Agreement, dated as of the date of the Indenture (the "Loan Agreement"), among the Issuer, the Affordable Borrower, the Market Rate Borrower, and the Trustee, to provide money for the construction of a multifamily project and functionally related facilities identified herein. See "THE BORROWER AND THE PLAN OF FINANCE" herein.

Concurrently with and as a condition to the issuance of the Bonds, the Borrower will cause to be delivered to the Trustee an irrevocable direct pay letter of credit (the "Letter of Credit") issued by Mizuho Bank, Ltd., acting through its New York Branch (the "Initial Letter of Credit Bank"), pursuant to a Reimbursement Agreement, dated as of the date of the Indenture (the "Reimbursement Agreement"), among the Affordable Borrower, the Market Rate Borrower, and SDCC South Block, LLC, a Delaware limited liability company (collectively, the "Obligors"), the banks party thereto and the Bank, in its capacity as Issuing Bank and Administrative Agent. The Letter of Credit has a stated expiration date of [_____ __, 20__]*, subject to automatic [one]-year extensions through [_____ __, 20__]*, in accordance with its terms. The form of the Letter of Credit is attached hereto as Appendix B. See also "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" herein. The Letter of Credit may, in certain circumstances, be replaced by another Letter of Credit (a "Substitute Letter of Credit") or another credit facility (an "Alternate Credit Facility"). See "The Indenture" in Appendix A hereto for a description of the conditions to and procedures for providing a Substitute Letter of Credit or Alternate Credit Facility.

The Borrower's obligations under the Loan Agreement are evidenced by a promissory note (the "Mortgage Note") and secured by the Deed of Trust, Security Agreement, Assignment of Rents and

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* Preliminary; subject to change.

Fixture Filing executed by the Borrower, as grantor for the benefit of the Trustee as beneficiary and secured party (the "Deed of Trust"). Neither the Bondowners nor the Trustee on behalf of the Bondowners will have the right to exercise remedies under the Deed of Trust so long as the Bank has not failed to honor a properly presented draw under the Letter of Credit.

The Borrower is required to construct and operate the Project in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"). The Regulatory Agreement contains certain additional representations, warranties and covenants concerning the operation of the Project. Under the Regulatory Agreement, the Borrower is required, among other things, to cause 100% of the completed residential units in the Affordable Project to be occupied by individuals whose income does not exceed certain limits specified in the Regulatory Agreement, as further described in the Regulatory Agreement. A failure to comply with certain of these requirements could result in the loss of the federal tax exemption on the Bonds retroactive to their date of issuance. See "TAX MATTERS" and "THE BORROWER AND THE PLAN OF FINANCE—Regulatory Restrictions" herein and "The Regulatory Agreement" in Appendix A hereto.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEY PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS 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 ISSUER HAS NO TAXING POWER.

Included in this Official Statement is information concerning the Issuer, the Letter of Credit, the Bank, the Borrower, the Project, the private participants, DTC, the Trustee and the sources of payment for the Bonds, together with summaries of the terms of the Bonds and certain provisions of the Indenture, the Letter of Credit, the Reimbursement Agreement, the Loan Agreement, the Regulatory Agreement and certain documents related thereto. All references herein to agreements or documents are qualified in their entirety by references to the definitive forms thereof, copies of which are available for inspection at the corporate trust office of the Trustee at [_____].

## THE BONDS

### General Description of the Bonds

The Bonds shall be issued in Authorized Denominations and shall be dated their date of issuance. The Bonds will mature on the maturity date specified on the cover hereof. The Bonds shall bear interest payable on each Interest Payment Date at the rate per annum determined from time to time as provided in the Indenture. The Bonds shall bear interest from the applicable Draw Down Date, thereafter interest is payable on each Interest Payment Date. Interest shall accrue on the Bonds only on such principal amount as has been actually drawn by the Issuer.

The Bonds shall be issued as draw down bonds, with a stated not to exceed principal amount of $24,000,000*; however, the Outstanding principal amount of the Bonds at any time shall only be the aggregate amount of all draws on the Bonds less the principal amount of Bonds redeemed, if any. Draws on the Bonds shall be made on each Draw Down Date upon the Trustee's and the Underwriter's receipt of a Draw Request at least 30 days prior to the Draw Down Date designated in such Draw Request, unless (a) the Trustee receives notice from the Underwriter of termination of its obligations to purchase Bonds under the Bond Purchase Agreement, (b) the Trustee does not receive from the Underwriter the Draw Down Amount designated in such Draw Request, or (c) the Trustee does not receive from the Initial Letter of Credit Bank an executed Annex J to the Initial Letter of Credit increasing the Stated Amount of the Initial Letter of Credit to the aggregate principal amount of Bonds to be outstanding on such Draw Down Date plus forty-five (45) days of interest on such aggregate principal amount of Bonds at twelve percent (12%) per annum. The Weekly Rate with respect to each Draw Down Amount shall be set by the Underwriter as the minimum rate of interest that, in the opinion of the Underwriter, would be necessary to sell Bonds equal to the Draw Down Amount on the Draw Down Date in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest, if any; provided, however, that the rate so determined will not exceed the Maximum Interest Rate.

Notwithstanding anything therein to the contrary, the maximum par amount of the Bonds issued under the Indenture shall not exceed the authorized amount of the Bonds pursuant to the Indenture, and no Draw Down Date may occur after December 31, 2023* without a Tax Counsel No Adverse Effect Opinion addressed and acceptable to the Issuer and the Trustee.

Interest shall accrue on the Bonds only on such principal amount as has been actually drawn by the Issuer. The Trustee shall provide the Issuer, the Bank and the Borrowers with electronic confirmation of receipt of each Draw Down Amount.

**Determination of Interest Rate**

The initial interest rate determination method in effect with respect to the Bonds shall be a Weekly Rate.

Unless the interest rate on the Bonds is converted to an Alternate Rate after notice to the Bondowners in accordance with the Indenture and the Remarketing Agreement, the Bonds shall continue to bear interest at the interest rate determination method then in effect.

***Weekly Rate.*** The Remarketing Agent shall set the Weekly Rate at or prior to 4:00 p.m., New York City time, on any Weekly Rate Determination Date. The Weekly Rate for each Weekly Rate Period shall be the minimum rate of interest that, in the opinion of the Remarketing Agent, would be necessary to sell the Bonds on such date in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest, if any; provided, however, that the rate so determined will not exceed the Maximum Interest Rate. If the Remarketing Agent fails to set a Weekly Rate on any Weekly Rate Determination Date, the Weekly Rate shall equal the SIFMA Swap Index in effect on such Weekly Rate Determination Date; provided, that if the SIFMA Swap Index is not then in effect, the then existing Weekly Rate shall continue until a new Weekly Rate is set. Notwithstanding anything else in the Indenture to the contrary, the Weekly Rate shall be the Maximum Interest Rate commencing on the Weekly Rate Period following any day on which the Bank (or with respect to the Initial Letter of Credit,

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* Preliminary; subject to change.

the Initial Letter of Credit Bank) has failed to honor a properly presented draw on the Letter of Credit for so long as such failure continues; the Remarketing Agent shall not set rates in this circumstance.

***Daily Rate.*** The Remarketing Agent shall determine the Daily Rate by 10:00 a.m., New York City time, on each Business Day. Each Daily Rate shall be the minimum rate of interest that, in the opinion of the Remarketing Agent, would be necessary to sell the Bonds on such date in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest, if any; provided, however, that the rate so determined will not exceed the Maximum Interest Rate. The Daily Rate for any date that is not a Business Day shall be the rate established for the next preceding Business Day. The Daily Rate for any date on which the Remarketing Agent fails to set a Daily Rate shall equal the SIFMA Swap Index then in effect; provided, that if the SIFMA Swap Index is not then in effect, the Daily Rate shall be the rate established for the next preceding Business Day. Notwithstanding anything else in the Indenture to the contrary, the Daily Rate shall be the Maximum Interest Rate commencing on the Business Day following any day on which the Bank has failed to honor a properly presented draw on such Letter of Credit for so long as such failure continues; the Remarketing Agent shall not set rates in this circumstance.

***Computations Binding.*** The computation of the Daily Rate and the Weekly Rate by the Remarketing Agent shall (in the absence of manifest error) be conclusive and binding on the Borrowers, the Registered Owners and Beneficial Owners of the Bonds, the Issuer, the Trustee, the Bank and the Remarketing Agent.

**Conversion to Alternate Rate**

The rate of interest on all of the Bonds may be established at a Fixed Rate from a Variable Rate in accordance with the procedures set forth in the Indenture. Conversion of the Bonds to a Fixed Rate must be in whole and not in part. The rate of interest on all of the Bonds may be established at a Weekly Rate from a Daily Rate or at a Daily Rate from a Weekly Rate on any Interest Payment Date pursuant to the procedures set forth in the Indenture. A Conversion from one Variable Rate Mode to another may not occur more often than four times a calendar year and any Conversion to the Daily Rate requires the prior written consent of the Remarketing Agent.

To effect Conversion, the Borrowers shall deliver a written notice to the Trustee, the Issuer, the Remarketing Agent, and the Bank electing to have the interest rate on the Bonds converted, and specifying the Conversion Date, which shall be not less than 20 calendar days after such notice is received by such parties for conversion. Notice of a Conversion must be accompanied by (A) a form of a Tax Counsel No Adverse Effect Opinion, addressed to the Issuer, the Trustee and the Remarketing Agent, with respect to the Conversion in accordance with the provisions of the Indenture, (B) written approval of the Conversion by the Bank accompanied by a commitment for the issuance of a Letter of Credit, satisfying the requirements of the Indenture, to be in effect upon and after Conversion, which commitment states that the Letter of Credit shall be in the Coverage Amount, together with accompanying documentation required by the Indenture; (C) upon Conversion to the Daily Rate, written consent of the Remarketing Agent; (D) upon Conversion to a Fixed Rate, an opinion of Bond Counsel to the effect that the provisions of the Loan Agreement regarding continuing disclosure have been met; (E) a supplemental indenture setting forth the mandatory sinking fund and optional redemption provisions applicable to the Bonds after the Conversion, in accordance with the schedules therefor to be provided by the Remarketing Agent pursuant to the Indenture, along with any required consents and opinions specified therein; and (F) payment to the Trustee in the amount, if any, estimated by the Remarketing Agent, to pay all costs associated with the Conversion (excluding underwriter costs and fees to remarket Bonds but including the costs and applicable fees of the Trustee and the Issuer). Such amount shall be deposited with the Trustee

in the Cost of Issuance Fund. The Remarketing Agent shall specify the Determination Date on which the Fixed Rate will be determined by the Remarketing Agent.

**Payments Due on Other Than Business Days**

In any case where the date of payment of principal, premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds, or the date for performing any act or exercising any right, shall be a day other than a Business Day, then payment of interest or principal and premium, if any, or the performance of such act or exercise of such right need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if it had been made on the date scheduled for such payment, performance, or exercise.

**Additional Bonds; Additional Indebtedness**

Without the consent of or notice to the Bondowners, the Issuer may issue additional bonds having a parity of lien on the Trust Estate at the request of the Borrowers with (1) the prior written consent of the Bank, Substitute Bank or issuer of an Alternate Credit Facility and written confirmation from the Bank, Substitute Bank or the issuer of an Alternate Credit Facility delivered to the Trustee and the Issuer to the effect that the Letter of Credit or Alternate Credit Facility has been increased in Coverage Amount, or a separate Alternate Credit Facility has been provided, to provide credit enhancement and, if necessary, liquidity support, for the Bonds and additional bonds and (2) prior written confirmation from the Rating Agency that the rating on the Bonds will not be reduced or withdrawn solely as a result of the issuance of any such additional bonds. If additional bonds are issued as described under this heading, all references in the Indenture to the Bonds shall be deemed to refer to the Bonds and any additional bonds.

Without the consent of or notice to the Bondowners, the Borrowers may incur additional indebtedness and may grant liens to secure such additional indebtedness on collateral other than the Trust Estate; provided, however, that nothing described under this heading shall alter any requirement in any reimbursement or similar credit agreement between the Borrowers and the Bank, Substitute Bank or issuer of any Alternate Credit Facility, including, without limitation, the Reimbursement Agreement, to obtain the written consent of such entity to the incurring of such additional indebtedness or the granting of such liens.

**Mandatory Tender on Conversion**

The Bonds are subject to mandatory tender on the Fixed Rate Conversion Date. The Trustee shall give notice of the Fixed Rate Conversion Date to the Registered Owners of the Bonds, in the same manner that notices of redemption are given, not less than 10 Business Days prior to the Fixed Rate Conversion Date, which notice shall (1) specify the Fixed Rate Conversion Date; (2) state that from and after the Fixed Rate Conversion Date the Bonds held by that Registered Owner will cease to bear interest; and (3) state that with respect to a Fixed Rate Conversion Date, the Bonds are subject to mandatory tender on the Fixed Rate Conversion Date for purchase at the Purchase Price, and that any Bonds not delivered to the Trustee on the Fixed Rate Conversion Date will be deemed to have been delivered on such Fixed Rate Conversion Date and shall be available for purchase. Any Bond not tendered for purchase on the Fixed Rate Conversion Date shall be deemed to have been tendered for purchase, and shall cease to accrue interest on the Fixed Rate Conversion Date.

The Bonds are subject to mandatory tender on a Daily Rate Conversion Date or a Weekly Rate Conversion Date. The Trustee shall give notice of the Weekly Rate Conversion Date or Daily Rate Conversion Date to the Registered Owners of the Bonds, in the same manner that notices of redemption are given, not less than 10 Business Days prior to a Weekly Rate Conversion Date or a Daily Rate

Conversion Date, which notice shall (1) specify the Weekly Rate Conversion Date or Daily Rate Conversion Date, as applicable; (2) state that from and after the Weekly Rate Conversion Date or Daily Rate Conversion Date, the Bonds will cease to bear interest; and (3) state that the Bonds held by that Owner are subject to mandatory tender to the Trustee on the Weekly Rate Conversion Date or Daily Rate Conversion Date for purchase on the Conversion Date at the Purchase Price, and that any Bonds not delivered to the Trustee on the Conversion Date will be deemed to have been delivered on such Conversion Date and shall be available for purchase. Any Bond not tendered for purchase on the Weekly Rate Conversion Date or Daily Rate Conversion Date shall be deemed to have been tendered for purchase, and shall cease to accrue interest on the Conversion Date. Notwithstanding the foregoing, no notice of mandatory tender upon a Conversion shall be given if the Daily Rate Conversion Date or Weekly Rate Conversion Date is also a Substitution Date.

**Mandatory Tender on Substitution of Letter of Credit**

The Bonds shall be subject to mandatory tender in whole on the effective date of any Substitute Letter of Credit or Alternate Credit Facility (the "Substitution Date"). The procedures for such mandatory tender shall be as described in this paragraph and under the heading "Demand Purchase Option" below. The Trustee shall give written notice of the substitution of the Letter of Credit to all Owners, by first-class mail, postage prepaid, no later than ten days prior to the Substitution Date. Such notice shall (1) specify the Substitution Date, (2) identify the issuer of the Substitute Letter of Credit or Alternate Credit Facility, (3) state that from and after the Substitution Date the Bonds held by the Registered Owner will cease to bear interest, (4) state that all of the Bonds are subject to mandatory tender on the Substitution Date for purchase at the Purchase Price and that any Bonds not delivered to the Trustee on the Substitution Date will be deemed to have been delivered on such Substitution Date and shall be available for purchase. Any Bond not tendered for purchase on the Substitution Date shall be deemed to have been tendered for purchase, and shall cease to accrue interest on such date.

**Mandatory Tender Upon Certain Events**

The Bonds bearing interest at a Variable Rate shall be subject to mandatory tender at price equal to the principal amount of the Bonds to be tendered plus accrued interest thereon to the date fixed for mandatory tender as follows:

(i) The Bonds shall be subject to mandatory tender in whole, as soon as practicable but not later than a Business Day occurring not later than five days following receipt by the Trustee of written notice from the Bank of an Event of Default as defined in and under the Reimbursement Agreement.

(ii) The Bonds shall be subject to mandatory tender in whole, as soon as practicable but not later than the fifth Business Day prior to the stated expiration or termination of the Letter of Credit if, within 60 days after an Act of Bankruptcy of Bank or a Determination of Unenforceability, the Borrowers do not cause to be delivered to the Trustee a Substitute Letter of Credit or Alternate Credit Facility satisfying the requirements of the Indenture; provided, that upon any acceleration of the Bonds such 60-day period shall cease.

(iii) The Bonds shall be subject to mandatory tender in whole, as soon as practicable, but not later than the fifth Business Day prior to the termination of the Letter of Credit, upon a Determination of Taxability, in lieu of a mandatory redemption, as described below under "Redemption of the Bonds—Mandatory Redemption—Determination of Taxability."

No Bond shall be remarketed following a mandatory tender pursuant to the provisions described under this caption unless the Letter of Credit is reinstated or a Substitute Letter of Credit or Alternate Credit Facility is provided with respect to the Bonds meeting the requirements of the Indenture.

**Notice of Mandatory Tender**

The Trustee will give notice of the Demand Date (whether a Conversion Date or the date on which a Substitute Letter of Credit or Alternate Credit Facility is to be provided, or other mandatory tender) to the Registered Owners of the Bonds, in the same manner as notices for redemption of Bonds are given, not less than 10 Business Days prior to the Demand Date. The notice will specify the Demand Date, state that from and after the Demand Date the Bonds will cease to bear interest, and state that the Bonds are subject to mandatory tender to the Trustee on the Demand Date for purchase at the Purchase Price and that any Bonds not delivered to the Trustee on the Demand Date will be deemed to have been delivered on such Demand Date and shall be available for purchase.

**Demand Purchase Option**

***Weekly Rate Bonds.*** The Weekly Rate Bonds shall be purchased in any Authorized Denomination (so long as any untendered portion is also in an Authorized Denomination) on any Business Day, at the option of the Owner (or Beneficial Owner if the Bonds are in book-entry form) thereof at the Purchase Price thereof (payable in immediately available funds at the Principal Office of the Trustee), if the Owner (or Beneficial Owner) thereof:

(A) gives irrevocable notice to the Remarketing Agent and the Trustee at or prior to 11:00 a.m., New York City time, on such Business Day by facsimile or email to such numbers designated for such purpose by the Remarketing Agent and the Trustee stating the Owner's (or Beneficial Owner's) irrevocable and unconditional election to tender such Weekly Rate Bond. Such notice must include the name of such Owner (or Beneficial Owner) and the aggregate principal amount and CUSIP numbers of Weekly Rate Bonds to be tendered and the applicable Demand Date, which shall be a Business Day on or prior to a Conversion Date but not prior to the seventh day next succeeding the date of delivery of such notice to the Remarketing Agent and the Trustee and, if delivered by the Beneficial Owner of the Weekly Rate Bond, must be accompanied by an "SDFS Deliver Order" entered at DTC before or simultaneously with the notice; and

(B) if Bonds are in certificated form, delivers such Weekly Rate Bond, together with any applicable due bills, to the Trustee at or prior to 11:00 a.m., New York City time, on the applicable purchase date with all necessary endorsements.

Any Bonds so delivered to the Remarketing Agent shall be promptly delivered by the Remarketing Agent to the Trustee at the address described above.

***Daily Rate Bonds.*** The Daily Rate Bonds shall be purchased in any Authorized Denomination (so long as any untendered portion is also in an Authorized Denomination) on any Business Day, at the option of the Owner (or Beneficial Owner, if the Bonds are in book-entry form) thereof, at the Purchase Price thereof (payable in immediately available funds at the Principal Office of the Trustee), if the Owner (or Beneficial Owner) thereof:

(A) gives irrevocable notice to the Remarketing Agent and the Trustee at or prior to 11:00 a.m., New York City time, on such Business Day by facsimile or email to such numbers designated for such purpose by the Remarketing Agent and the Trustee stating the Owner's (or

Beneficial Owner's) irrevocable and unconditional election to tender such Daily Rate Bond on such Business Day, which date shall then be the Demand Date with respect to such purchase. Such notice must include the name of such Owner (or Beneficial Owner) and the aggregate principal amount and CUSIP number of the Daily Rate Bonds to be tendered and, if delivered by the Beneficial Owner of the Daily Rate Bond, must be accompanied by an "SDFS Deliver Order" entered at DTC before or simultaneously with the notice; and

(B) if Bonds are in certificated form, delivers such Daily Rate Bond, together with any applicable due bills, to the Trustee at or prior to 11:00 a.m., New York City time, on such Business Day with all necessary endorsements.

Any Bonds so delivered to the Remarketing Agent shall be promptly delivered by the Remarketing Agent to the Trustee at its Principal Office or to the address designated in writing by the Trustee to Remarketing Agent.

***General.*** The delivery of the Tender Notice shall be irrevocable and binding upon the Owner (or Beneficial Owner) providing such notice, and any certificated Bond for which such Tender Notice has been received, whether or not delivered to the Trustee or the Remarketing Agent on the Demand Date, shall be deemed to have been so delivered and shall be available for purchase. THE TRUSTEE AND REMARKETING AGENT MAY RELY CONCLUSIVELY UPON RECEIPT BY IT OF A TENDER NOTICE FROM A BENEFICIAL OWNER, BUT SHALL MAKE PAYMENT OF THE PURCHASE PRICE ONLY TO THE REGISTERED OWNER.

Payment of the Purchase Price of any Bond delivered as described above shall be made by wire transfer, as designated in the Tender Notice with respect to such Bond, but, if the Bonds are in certificated form, only upon delivery and surrender of such Bond to the Trustee or the Remarketing Agent.

Anything in the Indenture to the contrary notwithstanding, no Bonds shall be purchased or remarketed if an Event of Default under paragraph (a) or (b) under the heading "The Indenture—Defaults" in Appendix A hereto shall have occurred and be continuing, which occurrence and continuation shall be communicated by the Trustee to the Remarketing Agent and the Bank. Furthermore, no Bonds shall be remarketed if all of the Bonds shall have been called for redemption or mandatory tender unless the new purchaser has received prior notice from the Remarketing Agent of such redemption or tender.

**Purchase of Bonds**

On each Demand Date the Trustee shall pay to the Registered Owners thereof, as provided in the Indenture, but only from amounts representing remarketing proceeds transferred by the Remarketing Agent to the Trustee or draws under the Letter of Credit, the Purchase Price of any tendered Bonds for which it has received a Tender Notice or for which a mandatory tender has been declared. Such payments shall be made first from amounts representing remarketing proceeds and second from draws under the Letter of Credit, in that order. Any amounts drawn under the Letter of Credit to purchase Bonds shall be used solely for such purpose. If there are excess proceeds drawn under the Letter of Credit which are not needed to purchase Bonds, the Trustee shall return such excess to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank).

Moneys held by the Remarketing Agent as remarketing proceeds upon nonpresentment of certificated Bonds shall be transferred to the Trustee and handled as unclaimed moneys pursuant to the Indenture. Draws on the Letter of Credit shall not be invested; provided that remarketing proceeds held

by the Trustee shall be held separate and apart from proceeds of draws on the Letter of Credit and Seasoned Funds in special accounts established for such purpose.

**Remarketing Agent**

Under the Indenture and the Remarketing Agreement, dated as of the date of the Indenture (the "Remarketing Agreement"), Stifel, Nicolaus & Company, Incorporated has been appointed initial Remarketing Agent for the Bonds. The Remarketing Agent, upon receipt of a Tender Notice, will use its best efforts to find a purchaser for the Bonds referred to in such Tender Notice at a price equal to the Purchase Price. Upon receipt by the Trustee of the Purchase Price and, if the Bonds are in certificated form, receipt by the Trustee of the Bonds to be purchased on such date in good form for delivery, the Trustee will remit the Purchase Price of such Bonds to the tendering Bondowner.

**Disclosure Concerning Sales by Remarketing Agent**

***Remarketing Agent is Paid by the Borrower.*** The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Indenture and the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Borrower and is paid by the Borrower for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Bonds.

***Remarketing Agent Routinely Purchases Bonds for its Own Account.*** [The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, routinely acquire such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons.] However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

***Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.*** Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds at par plus accrued interest, if any, on and as of the applicable Variable Rate Determination Date. The interest rates will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on a Variable Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the

tender process, offer such Bonds on any date, including the Variable Rate Determination Date, at a discount to par to some investors.

***The Ability to Sell the Bonds other than through Tender Process May Be Limited.*** The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

**Redemption of the Bonds**

***Optional Redemption.*** Prior to the Fixed Rate Conversion Date, the Bonds are subject to optional redemption, in whole or in part, without premium, on any Business Day, at a price equal to the principal amount redeemed plus interest to the redemption date, upon no less than 30 days' prior written notice given to the Trustee by the Borrowers and approved by the Bank (with a copy to the Issuer and the Remarketing Agent) in advance of such date. In the event of an optional redemption, unless otherwise approved by the Bank, Bank Bonds shall be redeemed first.

The Borrower has agreed under the terms of the Reimbursement Agreement to exercise its right to redeem Bonds at its option as set forth in the Reimbursement Agreement. See "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" herein. Notwithstanding the foregoing, the Bank may waive these requirements in its discretion and without notice to, or consent of, the Bondowners. The Borrower may redeem Bonds in excess of the Bank's requirements, with the Bank's prior written consent and in the Bank's sole discretion and without consent of, the Bondowners.

The Trustee shall give notice to Bondowners of any optional redemption of Bonds as described under the heading "Notice of Redemption" below; provided, that (i) the requirements of the Loan Agreement relating to prepayments of the Mortgage Note have been met, (ii) the Bank has given its written consent if the Letter of Credit is to be drawn upon to pay the principal portion of the prepayment, and (iii) if a premium is required and is not payable with proceeds of a draw on the Letter of Credit in accordance with its terms or the principal portion of the prepayment is not to be made from proceeds of the Letter of Credit, the Trustee shall have Seasoned Funds on deposit to pay such principal and/or premium prior to giving such notice. Conditional notice may be given. Such notice may be rescinded by the Trustee if funds are not available on the date fixed for redemption.

***Mandatory Redemption.*** The Bonds are subject to mandatory redemption at a price equal to the principal amount of Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption as follows:

(a) *Funds Remaining in Mortgage Loan Fund.* The Bonds are subject to redemption in whole or in part, on the next regularly scheduled Interest Payment Date that is not less than 45 days following the Completion Date (or such extension thereof pursuant to the Loan Agreement), in an amount equal to the Mortgage Loan proceeds (plus any interest earnings thereon) remaining in the Mortgage Loan Fund at the close of business on such date.

(b) *Expiration of Letter of Credit.* The Bonds are subject to redemption in whole on the latest regularly scheduled Interest Payment Date that is at least five Business Days prior to the stated expiration date of the Letter of Credit, including pursuant to a voluntary termination thereof to the extent permitted by the Reimbursement Agreement (i) if the Borrowers do not cause to be delivered to the Trustee at least 45 days prior to such Interest Payment Date an

extension of the then-current Letter of Credit or a commitment for a Substitute Letter of Credit or Alternate Credit Facility satisfying the requirements in the Indenture or (ii) if, after the delivery of the commitment described in clause (i) hereof, the Borrowers do not cause to be delivered to the Trustee such Substitute Letter of Credit or Alternate Credit Facility, together with the documents required by the Indenture hereof, on or prior to 15 calendar days prior to such regularly scheduled Interest Payment Date.

(c) *Determination of Taxability.* As soon as practicable following a Determination of Taxability, the Bonds shall be subject to redemption, in whole or in part, in the amount determined by the Issuer, upon the advice of Bond Counsel, necessary to preserve the tax exempt status of interest on the Bonds; provided, that, prior to the Fixed Rate Conversion Date, upon receipt of a Tax Counsel No Adverse Effect Opinion that a mandatory tender of the Bonds, in lieu of mandatory redemption, will not adversely affect the income tax treatment of interest on the Bonds prior to the proposed mandatory redemption date, the Bonds will be subject to mandatory tender in lieu of mandatory redemption pursuant to the Indenture.

(d) *Fixed Rate Conversion Date.* After the Fixed Rate Conversion Date, the Bonds shall be subject to mandatory sinking fund redemption in accordance with the schedule to be provided to the Trustee and the Issuer by the Remarketing Agent and to become effective on the Fixed Rate Conversion Date.

(e) *Casualty or Condemnation.* The Bonds are subject to redemption in whole or in part, on the next regularly scheduled Interest Payment Date for which notice of redemption can be given pursuant to the Indenture, upon written notice to the Trustee of the determination, in accordance with the Loan Agreement, to have the Trustee draw on the Letter of Credit in the amount of any net proceeds of insurance or condemnation awards in an amount not less than $10,000 not used to repair or replace the Project or otherwise in accordance with the Loan Agreement.

(f) *Default Under Reimbursement Agreement.* After the Fixed Rate Conversion Date, the Bonds shall be subject to redemption in whole, as soon as practicable but not later than the fifth Business Day prior to the termination of the Letter of Credit, upon receipt by the Trustee of written notice from the Bank of an Event of Default as defined in and under the Reimbursement Agreement and the written direction by the Bank to have the Trustee draw on the Letter of Credit and redeem the Bonds. See "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT—Events of Default" and "—Remedies" herein.

(g) *Bankruptcy of Bank.* After the Fixed Rate Conversion Date, the Bonds are subject to redemption in whole, as soon as practicable but not later than the fifth Business Day prior to the stated expiration or termination of the Letter of Credit, (i) if within 60 days after an Act of Bankruptcy of Bank or a Determination of Unenforceability, the Borrowers do not cause to be delivered to the Trustee a commitment for a Substitute Letter of Credit or Alternate Credit Facility satisfying the requirements in the Indenture; provided, that upon any acceleration of the Bonds such 60 day period shall cease, or (ii) if, after the delivery of the commitment described in clause (i) hereof, the Borrowers do not cause to be delivered to the Trustee such Substitute Letter of Credit or Alternate Credit Facility in accordance with such commitment.

***Notice of Redemption.*** The Trustee will give notice of redemption not less than 30 days and not more than 40 days prior to the date fixed for redemption; except for notice of mandatory redemption as described in paragraphs (b)(ii), (c) or (g) under the heading "Mandatory Redemption" above or notice of optional redemption as described under the heading "Optional Redemption" above, which will be given

not less than ten days prior to the date fixed for redemption, and paragraph (f) under the heading "Mandatory Redemption" above which will be given as soon as practicable, but in no event later than the date fixed for redemption (all of which will be deemed given when mailed).

All notices of redemption will be sent by first class mail, postage prepaid, to the Bank, the Issuer, the Borrowers, the Remarketing Agent and the Registered Owner of each Bond to be redeemed at the address of such Owner as shown on the Bond Register; provided, however, that no such notice of redemption will be mailed unless on or prior to the date of mailing the Trustee (i) is entitled to make a draw on the Letter of Credit in an amount sufficient to pay principal of, premium, if any, and interest on the Bonds on the dates set for redemption to redeem the Bonds, or (ii) has received such written direction with respect to principal and interest and subject to the Indenture, has received and has on deposit Seasoned Funds in an amount sufficient to pay the premium, if any, due upon such redemption. NEITHER THE FAILURE OF A BONDOWNER TO RECEIVE NOTICE BY MAIL NOR ANY DEFECT IN ANY NOTICE SO MAILED WILL AFFECT THE VALIDITY OF THE PROCEEDINGS FOR SUCH REDEMPTION. Such notice will state the redemption date, the redemption price, that accrued interest will be payable on the redemption date, the premium, if any, the place at which the Bonds are to be surrendered for payment, that FROM THE REDEMPTION DATE INTEREST ON THE BONDS TO BE REDEEMED WILL CEASE TO ACCRUE and, if less than all of the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice mailed as provided above will be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. The Trustee will provide additional notice of redemption to Bondowners in the event Bonds are not presented for payment within 60 days of the date fixed for redemption. Any notice of optional redemption may be given on a conditional basis.

***Partial Redemption.*** All or a portion of any Bond may be redeemed, but only if the unredeemed portion is in a principal amount equal to an Authorized Denomination. Unless otherwise directed by the Borrowers, the Trustee shall select the Bonds to be redeemed; provided that, except with the consent of the Bank, Bank Bonds shall be redeemed first.

In the event that fewer than all Bonds Outstanding are to be redeemed while the Bonds are at a Variable Rate, the Trustee shall consider each $5,000 of principal of a Bond in excess of $100,000 of principal as a separate bond for purposes of selection and shall select the necessary number of $5,000 principal portions for redemption in a random manner. In the event that, following this method of selecting portions of Bonds for redemption, all Bonds are at a denomination of $100,000 and an additional amount of less than $100,000 is to be redeemed, the Trustee shall select a Bond from among the remaining Bonds and redeem that single Bond in part so that following such redemption such Bond will be in an outstanding principal amount of less than $100,000, but only if the principal amount of such Bond is in a multiple of $5,000. No more than one Variable Rate Bond may have a principal amount of less than $100,000 at any time. In the event that fewer than all of the Bonds Outstanding are to be redeemed while the Bonds are at a Fixed Rate, the Trustee shall select Bonds to be redeemed in accordance with written instructions contained in a Supplemental Indenture or otherwise provided to the Trustee and the Issuer by the Remarketing Agent on the Fixed Rate Conversion Date and approved by the Borrowers.

Upon surrender of any Bond for redemption in part, the Issuer shall execute and the Trustee shall authenticate and deliver to the owner thereof a new Bond or Bonds of Authorized Denominations of the same maturity and in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

***Effect of Redemption.*** Notice of redemption having been given as provided above, the Bonds or portions thereof designated for redemption will become due and payable on the date fixed for redemption

and, unless the Issuer defaults in the payment of the principal thereof, premium, if any, and interest thereon, SUCH BONDS OR PORTIONS THEREOF WILL CEASE TO BEAR INTEREST FROM AND AFTER THE DATE FIXED FOR REDEMPTION WHETHER OR NOT SUCH BONDS ARE PRESENTED AND SURRENDERED FOR PAYMENT ON SUCH DATE. If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof will continue to bear interest at the rate set forth thereon until paid or until due provision is made for the payment of same.

***Special Purchase in Lieu of Redemption.*** If all Bonds Outstanding are called for redemption in whole under paragraph (b) or (f) under the heading "Mandatory Redemption" above, the Bonds may, in lieu of such redemption, be purchased ("Special Purchase Bonds") by the Trustee, at the written direction of either of the following (a "Special Purchaser"): (i) the Bank to the Trustee, for the account of the Bank, or (ii) any direct or indirect beneficial owner of an equity interest in either Borrower that is not a "related party" (as that term is used in Section 1.148-1(b) of the Regulations) with respect to such Borrower. Any such purchase of Bonds will be in whole and not in part. Such purchase shall be made on the date the Bonds are otherwise scheduled to be redeemed (the "Special Purchase Date"). The purchase price of the Special Purchase Bonds shall be equal to the principal amount of the Special Purchase Bonds, plus accrued interest, if any, to the Special Purchase Date. If the Bank purchases Special Purchase Bonds, the payment source shall consist solely of funds to be advanced by the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) under the Letter of Credit.

### Registration, Transfer and Exchange of Bonds

The Bonds initially will be registered in the name of Cede & Co., as nominee of DTC. DTC acts as agent solely for its participants and not for the Beneficial Owners of the Bonds, the Issuer or the Underwriter. See Appendix C hereto.

## SECURITY FOR THE BONDS

### Pledge Under the Indenture

To secure the payment of the principal of, premium, if any, purchase price and interest on all Bonds outstanding, and to secure the observance and performance by the Issuer of all the covenants expressed or implied in the Indenture and the Bonds, the Issuer has pledged, assigned and granted to the Trustee the following:

(a) the Mortgage Loan and the Mortgage Loan Documents, including all extensions and renewals of the terms thereof, if any, except the Issuer's rights retained under any of said documents (including but not limited to fees, indemnifications, reimbursements, notice, and provisions regarding transfer of the Project), including but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the Revenues, whether payable under the above referenced documents, or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things that the Issuer or any other person on behalf of the Issuer is or may become entitled to do under the Mortgage Loan and the above-referenced documents;

(b) all Revenues that may from time to time be conveyed, assigned, hypothecated, endorsed, pledged, mortgaged, granted or delivered to the Trustee, or held by the Trustee in any Fund or Account established pursuant to the terms of the Indenture, together with investment earnings thereon, but excluding (a) money held by the Trustee in the Cost of Issuance Fund and

the Rebate Fund and (b) money collected pursuant to reimbursement or indemnification of the Issuer or the Trustee; and

(c) any and all other property of any name and nature by delivery or by writing of any kind pledged or assigned as and for additional security under the Indenture, by the Issuer or by anyone on its behalf or with its written consent, to the Trustee.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEY PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS 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 ISSUER HAS NO TAXING POWER.

**The Letter of Credit**

Payment of the principal and Purchase Price of and interest on the Bonds is supported by and payable from amounts drawn by the Trustee under the Letter of Credit. The form of the Letter of Credit is attached hereto as Appendix B. The Letter of Credit may be replaced with a Substitute Letter of Credit or an Alternate Credit Facility as described under the heading "The Indenture—Substitute Letter of Credit" and "—Alternate Credit Facility" in Appendix A hereto. The Bonds are subject to mandatory tender in connection with the delivery of a Substitute Letter of Credit or Alternate Credit Facility as described under the heading "THE BONDS—Mandatory Tender on Substitution of Letter of Credit" herein.

WHILE THE INDENTURE AND THE LOAN AGREEMENT OBLIGATE THE BORROWER TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS, AS WELL AS THE PURCHASE PRICE OF BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE, IN THE EVENT SUCH PRINCIPAL, INTEREST, OR PURCHASE PRICE IS NOT PAID FROM THE PROCEEDS OF REMARKETING THE BONDS OR AMOUNTS DRAWN UPON THE LETTER OF CREDIT, NO ASSURANCES CAN BE GIVEN THAT THE BORROWER WILL HAVE SUFFICIENT FUNDS AVAILABLE FOR SUCH PURPOSES. THE BONDS ARE OFFERED SOLELY ON THE BASIS OF THE LETTER OF CREDIT AND NOT ON THE BASIS OF THE CREDIT OF THE BORROWER, THE FEASIBILITY OF THE PROJECT OR ANY OTHER SECURITY. AS A CONSEQUENCE, NO INFORMATION ABOUT THE FINANCIAL CONDITION OR RESULTS OF OPERATIONS OF THE BORROWER IS INCLUDED IN THIS OFFICIAL STATEMENT. SEE "CERTAIN BONDOWNERS' RISKS—GENERAL" AND "—THE LETTER OF CREDIT AND THE BANK."

## THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

**General**

The following description is a summary of certain provisions of the Letter of Credit and the Reimbursement Agreement, pursuant to which the Letter of Credit is issued. Such summary does not

purport to be a complete description or restatement of the material provisions of the Letter of Credit and the Reimbursement Agreement. The form of the Letter of Credit is attached hereto as Appendix B. Investors should review such form of Letter of Credit and obtain and review a copy of the Reimbursement Agreement in order to understand all of the terms of such documents. The provisions of any Substitute Letter of Credit and related reimbursement agreement may be different from those summarized below.

**The Letter of Credit**

The Letter of Credit is an irrevocable transferable obligation of the Initial Letter of Credit Bank with respect to Bonds bearing interest at the Weekly Rate which are not Bank Bonds (as defined in the Reimbursement Agreement) or Bonds owned by or on behalf of, or for the benefit of or for the account of, the Obligors ("Eligible Bonds"). The Letter of Credit will be issued in the initial stated amount (the "Initial Stated Amount") equal to (i) the principal amount of the Bonds advanced on the Bond Closing, plus (ii) interest thereon in an amount equal to 45 days of interest on such principal amount of Bonds at the maximum interest rate of twelve percent (12%) per annum (the "Maximum Interest Rate"). The Initial Stated Amount, as adjusted from time to time in accordance with the terms of the Letter of Credit, shall be referred to herein as the "Stated Amount." The Stated Amount may be from time to time increased, reduced, and/or reinstated in accordance with the terms of the Letter of Credit.

In connection with draws on the Bonds on the Draw Down Dates, the Initial Letter of Credit Bank will increase the Stated Amount of the Letter of Credit by the amount requested by the Applicants (as defined in the Letter of Credit), provided that the representations and warranties of the Obligors contained in the Reimbursement Agreement are true and correct as if made on and as of the Draw Down Date and no "Default" or "Event of Default" shall have occurred and be continuing under the Reimbursement Agreement, and subject to the additional terms and conditions for increasing the Stated Amount in the Reimbursement Agreement and in the Letter of Credit. In no event, however, shall the amount of any increase to the Stated Amount exceed, at any time, the positive difference, if any, between (i) the Maximum Stated Amount and (ii) the Stated Amount, in each case, in effect immediately prior to such requested increase. The "Maximum Stated Amount" shall be equal to the sum of $24,000,000* of principal amount of Bonds and 45 days of interest on such principal amount of Bonds at the Maximum Interest Rate.

The Trustee, upon compliance with the terms of the Letter of Credit, is authorized and directed to draw up to (a) an amount sufficient (i) to pay principal of the Eligible Bonds when due, whether at maturity or upon any redemption or acceleration, and (ii) to pay the portion of the purchase price of the Eligible Bonds tendered for purchase or purchased in lieu of redemption and not successfully remarketed or the purchase price of which has not been received by the Trustee in the time specified in the Letter of Credit (a "Liquidity Drawing"), equal to the principal amount of the Eligible Bonds, plus (b) an amount not to exceed 45 days' of accrued interest on such Eligible Bonds at the Maximum Interest Rate (i) to pay interest on the Eligible Bonds when due, and (ii) to pay the portion of the purchase price of the Eligible Bonds tendered for purchase or purchased in lieu of redemption and not successfully remarketed or the purchase price for which has not been received by the Trustee by the time specified in the Letter of Credit, equal to the interest accrued, if any, on such Bonds.

The Available Amount (as defined in the Letter of Credit) under the Letter of Credit will be automatically reduced by the amount of any drawing thereunder, subject to reinstatement as described below. With respect to a drawing to pay interest on the Eligible Bonds (an "Interest Drawing"), the

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* Preliminary; subject to change.

Available Amount will be automatically reinstated on the fifth (5th) calendar day following the date of any Interest Drawing unless the Trustee shall have received from the Initial Letter of Credit Bank written notice prior to such date (or if such date is not a Business Day, the immediately preceding Business Day) that the Initial Letter of Credit Bank has not been reimbursed for such drawing and as a result the Initial Letter of Credit Bank is declaring an Event of Default under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the Bonds. With respect to a Liquidity Drawing, the obligation of the Initial Letter of Credit Bank to honor drawings under the Letter of Credit will automatically be reduced by an amount equal to the principal amount of any Bond purchased with the proceeds of such Liquidity Drawing plus an amount equal to accrued interest on such Bond for a period of 45 days, computed at the Maximum Interest Rate. Prior to the Conversion Date for a conversion to an interest rate other than the Weekly Rate, in the event of the remarketing of the Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the Initial Letter of Credit Bank's obligations to honor drawings under the Letter of Credit with respect to such remarketed Bonds (or portions thereof) will be automatically reinstated upon receipt by the Initial Letter of Credit Bank of written notice from the Obligors requesting such reinstatement, and receipt by the Initial Letter of Credit Bank of the amount equal to the amount stated on such reinstatement certificate.

The Letter of Credit will terminate on the earliest of 5:00 p.m. New York Time on (a) the stated expiration date (September [__], 2025*, as extended from time to time as provided in the Letter of Credit, the "Stated Expiration Date"); (b) a date on which the Initial Letter of Credit Bank honors a drawing under the Letter of Credit on or after the date on which all of the Bonds are converted to an interest rate other than a Weekly Rate, (c) the date on or after the date of the Initial Letter of Credit Bank's receipt of a certificate from the Trustee specifying that no Bonds remain Outstanding within the meaning of the Indenture, all drawings required to be made under the Indenture and available under the Letter of Credit have been made and honored, or a substitute Credit Facility has been issued to replace the Letter of Credit pursuant to the Indenture and the Reimbursement Agreement (and the Initial Letter of Credit Bank has made and received any drawing under the Letter of Credit required in connection therewith); (d) the date on which a Stated Maturity Drawing (as defined in the Reimbursement Agreement) is honored by the Initial Letter of Credit Bank; and (e) the date which is seven (7) days following the date the Trustee receives a written notice from the Initial Letter of Credit Bank specifying the occurrence of an "Event of Default" under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender or an acceleration of the Bonds (such earliest date being referred to herein as the "Termination Date").

**Indenture Provisions Respecting the Letter of Credit**

The Trustee will draw moneys under the Letter of Credit in accordance with the terms thereof in order to provide the moneys necessary to make timely payments of the principal of and interest on the Eligible Bonds (other than Bank Bonds) on each Interest Payment Date or redemption date, as applicable. Payments of principal of and interest on the Eligible Bonds will be paid from the following sources in the following order of priority: (1) proceeds of draws on the Letter of Credit and (2) in the event that the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has failed to honor a properly presented and conforming draw on the Letter of Credit, any other available Revenues paid to the Trustee; provided, that money received as draws on the Letter of Credit shall not be commingled with other money held under the Indenture.

The Letter of Credit may be replaced with a Substitute Letter of Credit or an Alternate Credit Facility as described under the heading "The Indenture—Substitute Letter of Credit" and "—Alternate

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* Preliminary; subject to change.

Credit Facility" in Appendix A hereto. The Bonds are subject to mandatory tender in connection with the delivery of a Substitute Letter of Credit or Alternate Credit Facility as described under the heading "THE BONDS—Mandatory Tender on Substitution of Letter of Credit" herein.

**Events of Default**

Pursuant to the Reimbursement Agreement, the occurrence of any of the following events shall constitute an Event of Default thereunder. Reference is made to the Reimbursement Agreement for a complete listing of all Events of Default:

(a) the Obligors shall:

(i) fail to pay any principal owing under the Reimbursement Agreement or under any Bonds, including any Bank Bonds (other than as a result of the failure of the Initial Letter of Credit Bank to honor any properly presented and conforming draw under the Letter of Credit) when the same shall become due and payable; or

(ii) fail to pay any other amount payable under the Reimbursement Agreement or under the Fee Letter (as defined in the Reimbursement Agreement) within three (3) Business Days of the date the same shall become due and payable.

(b) any representation or warranty of (i) any Obligor contained in the Reimbursement Agreement or in any certificate or document furnished to the Administrative Agent or (ii) the Guarantor (as defined in the Reimbursement Agreement) contained in the Affiliate Guaranty (as defined in the Reimbursement Agreement), shall prove to be incorrect or misleading in any material respects when made;

(c) any Obligor shall fail to observe or perform certain covenants, conditions or agreements specified in the Reimbursement Agreement;

(d) the Obligors shall default in the due performance or observance of any term, covenant or agreement contained in the Reimbursement Agreement (other than those described in subparagraphs (a) or (c) above) and such default, if capable of being remedied, shall remain unremedied for thirty (30) days after written notice thereof shall have been given to the Obligor Representative by the Administrative Agent or any of the Loan Parties (as defined in the Reimbursement Agreement) first becomes aware thereof.

(e) (i) the Reimbursement Agreement, the Loan Agreement, the Bonds or the Fee Letter or any material provision thereof, at any time after its adoption, issuance or execution and delivery, shall, for any reason, cease to be valid and binding on any Obligor or in full force and effect or be declared to be null and void by a final non appealable judgment of a court of competent jurisdiction, or the validity or enforceability of any such document or provision shall be contested by the any Obligor or any Obligor shall deny that it has any or further liability or obligation under any such document;

(ii) any other Loan Document (as defined in the Reimbursement Agreement) or any material provision thereof, at any time after its execution and delivery shall, for any reason, cease to be valid and binding on any Loan Party or in full force and effect or be declared to be null and void, or the validity or enforceability of any such document or provision shall be contested by any governmental agency or authority having jurisdiction over any of the Loan Parties; unless with respect to this clause (ii), the same is being contested by the Loan Parties in good faith and by appropriate proceedings and under no circumstance could such invalidity or unenforceability have an adverse impact on the ability of the

Loan Parties to perform their obligations hereunder or under the Bonds, the Indenture, the Loan Agreement, the Affiliate Guaranty or the Fee Letter;

(f) if (i) an order shall be made, or an effective resolution passed, for the winding up or liquidation of any Loan Party, (ii) any Loan Party shall cease to conduct its business in the manner conducted as of the date hereof in any material respect, (iii) any Loan Party shall take any steps whatsoever to effect, approve or facilitate any of the foregoing in any way, or (iv) any Loan Party shall sell, lease, transfer or otherwise dispose of, in one or a series of related transactions, all or substantially all of its assets

(g) any event of default shall occur that results in any Material Indebtedness (as defined in the Reimbursement Agreement) becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, unless the Administrative Agent shall have received evidence reasonably satisfactory to the Administrative Agent that such event of default was cured within any applicable notice and cure period with respect to the event of default;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of a Loan Party or its debts, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Loan Party or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Loan Party shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in paragraph (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for such Loan Party or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Loan Party shall become unable, admit in writing its inability, or publicly declare its intention not to, or fail generally, to pay its debts as they become due;

(k) any judgment for the payment of money in excess of $12,500,000 shall be rendered against any Obligor or the Guarantor and such judgment or order is not satisfied, and either (i) enforcement proceedings are commenced by any creditor upon such judgment or order or (ii) there is any period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, is not in effect;

(l) a Change in Control (as defined in the Reimbursement Agreement) shall occur;

(m) [a Ratings Event (as defined in the Reimbursement Agreement) shall occur and continue for a period greater than thirty (30) days;]

(n) the Affiliate Guaranty shall fail to remain in full force or effect, or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Affiliate Guaranty, or the Guarantor shall deny that it has any further liability under the Affiliate Guaranty;

(o) any event, fact or circumstance shall have a Material Adverse Change (as defined in the Reimbursement Agreement);

(p) there shall occur and be continuing an "Event of Default" under the Indenture; or

(q) there shall occur and be continuing an "Event of Default" under the Loan Agreement.

**Remedies**

Upon the occurrence and during the continuance of any Event of Default under the Reimbursement Agreement, the Administrative Agent at its option, upon notice to the Trustee and the Obligor, may do any one or more of the following:

(a) declare the principal of and interest on all Obligations (as defined in the Reimbursement Agreement) payable under the Reimbursement Agreement to be due and payable;

(b) deliver a Default Notice to the Trustee, directing the Trustee to cause a mandatory tender of all of the Bonds, and stating that the Letter of Credit will terminate on the seventh (7th) day following the date of receipt by the Trustee of such Default Notice;

(c) demand that the Obligors deposit cash collateral in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Banks (as defined in the Reimbursement Agreement) (the "Letter of Credit Collateral Account") in an amount in cash equal to 105% of the amount of the Available Amount as of such date plus accrued and unpaid interest thereon. Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the Letter of Credit Collateral Account and the Obligors have granted the Administrative Agent a security interest in the Letter of Credit Collateral Account and all moneys or other assets on deposit therein or credited thereto. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Obligors' risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank (as defined in the Reimbursement Agreement) or the other Banks, as applicable, for Letter of Credit Disbursements (as defined in the Reimbursement Agreement) made by the Issuing Bank for which they have not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Obligors for the Available Amount at such time or, if the Bonds have been redeemed, be applied to satisfy other Obligations. If the Obligors are required to provide an amount of cash collateral under the Reimbursement Agreement as a result of the occurrence of an Event of Default under the Reimbursement Agreement, such amount (to the extent not applied as aforesaid) shall be returned to the Obligors within three (3) Business Days after all such Events of Defaults have been cured or waived as confirmed in writing by the Administrative Agent;

(d) to the extent authorized under the Indenture, direct in writing the acceleration of the maturity of the Bonds; and

(e) exercise any or all rights provided or permitted by law or in equity or granted to the Administrative Agent or the Banks (including the Issuing Bank) pursuant to the Reimbursement Agreement or any of the other Loan Documents in such order and in such manner as the Administrative Agent may, in its sole judgment, determine.

## THE INITIAL LETTER OF CREDIT BANK

*The information presented under this heading has been supplied by the Initial Letter of Credit Bank. None of the Issuer, the Trustee, the Borrower or the Underwriter has independently verified such information, and none assumes responsibility for the accuracy of such information.*

[DESCRIPTION OF THE BANK TO COME]

The information concerning [_____] contained herein is furnished solely to provide limited introductory information regarding [_____] and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

The delivery of this disclosure information by [_____] shall not create any implication that there has been no change in the affairs of [_____] since the date hereof, or that the information contained or referred to in this disclosure information is correct as of any time subsequent to its date.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Initial Letter of Credit Bank since the date hereof, or that the information contained or referred to under this heading is correct as of any time subsequent to its date.

## THE ISSUER

*The information under this heading has been provided solely by the Issuer and has not been independently verified by the Trustee, the Borrower, the Underwriter, or any of their respective counsel, members, officers or employees or Bond Counsel. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Trustee, the Borrower, the Underwriter, or any of their respective counsel, members, officers or employees or Bond Counsel.*

The Issuer is the Housing Authority of the City of San Diego, a public body, corporate and politic duly organized and existing under the laws of the State of California. The Issuer is authorized to issue the Bonds and to loan the proceeds thereof to the Borrower for the purpose of financing the Project. The Issuer was created on October 3, 1968 by resolution of the City Council of the City of San Diego (the "Council"). Members of the Council serve as members of the Issuer.

In January 1979, a seven member commission (the "San Diego Housing Commission") took office to administer the functions of the Issuer. The San Diego Housing Commission is responsible for the development of low income rental projects, implementation of financing to promote low income housing production, management of many public housing projects, operation of rent subsidy programs and rehabilitation of existing housing stock. Unless the context otherwise requires, the San Diego Housing Commission will take all actions with respect to the program and the Indenture, the Loan Agreement, the Regulatory Agreement and related documents on behalf of the Issuer.

The seven members of the San Diego Housing Commission are appointed by the Mayor and approved by the Council. Stephanie Benvenuto currently serves as Chair of the San Diego Housing Commission. Oversight of the San Diego Housing Commission is provided by the Issuer.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEY PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE CITY OF SAN DIEGO, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS 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 ISSUER HAS NO TAXING POWER.

## THE TRUSTEE

The Issuer has appointed [_____], a [_____] organized under the laws of [_____], to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture and Bond documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the Issuer or Borrower. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the Project, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at [_____]. The Trustee's website is not incorporated into this Official Statement by such reference and is not a part hereof.

## THE BORROWER AND THE PLAN OF FINANCE

*The following has been provided solely by the Borrower. None of the Issuer, the Bank, the Trustee, the Underwriter, nor any of their officers or employees, makes any representations as to the accuracy or sufficiency of such information. The information concerning the Borrower and the plan of finance contained herein is furnished solely to provide limited general information regarding the Borrower and does not purport to be comprehensive. The Bonds are offered solely on the basis of the Letter of Credit and not on the basis of the credit of the Borrower, the feasibility of the Project or any other security. As a consequence, no information about the operations, financial condition or results of operations of the Borrower is included in this Official Statement.*

### The Borrower

There are two joint and several co-borrowers, one of which owns the Affordable Project and one of which owns the Market Rate Project. The borrower for the Affordable Project is 220 W Broadway

Development Partners, L.P., a Delaware limited partnership (the "Affordable Borrower"), a single-asset entity formed for the sole purpose of acquiring, constructing and operating the Affordable Project, as more fully described under "The Project" below. The managing general partner of the Affordable Borrower is AHA SDCC MGP, LLC, a California limited liability company (the "Managing General Partner"), which will have a 0.01% ownership interest in the Affordable Borrower. The manager of the Managing General Partner is Affordable Housing Access, Inc., a California nonprofit public benefit corporation ("AHA"). The co-general partner of the Affordable Borrower is NASH – Holland 220 W Broadway GP, LLC, a Delaware limited liability company (the "Co-General Partner"), which will be a non-economic general partner in the Affordable Borrower. The sole limited partner of the Affordable Borrower is 220 W Broadway LP, LLC, a Delaware limited partnership (the "Limited Partner"), which will have a 99.99% ownership interest in the Affordable Borrower. SDCC South Block, LLC, a Delaware limited liability company (the "Equity Investor"), is the sole member of the Co-General Partner and the Limited Partner. The Equity Investor is 100% owned by NASH-Holland SDCC Investors, LLC, a Delaware limited liability company.

The Borrower for the Market Rate Project is 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company (the "Market Rate Borrower"), a single asset entity formed for the sole purpose of acquiring, constructing, and operating the Market Rate Project, as more fully described under "The Project" below. The Equity Investor is the sole member of the Market Rate Borrower.

Holland Partner Group ("HPG") is a vertically integrated real estate investment firm that engages in the acquisition, development, construction, redevelopment and management of real estate projects in major West Coast markets. Formed in 2001, HPG's focus is on multifamily, office and mixed-use projects. HPG currently oversees a real estate portfolio valued in excess of $[4,000,000,000] and has been involved in the development and construction of more than [24,000] apartment units across four states. These projects include two prior 4% tax credit projects, Glo Apartments, located in downtown Los Angeles, and Park & Market, located in downtown San Diego.

**The Equity Investor**

The Equity Investor has a 100% interest in the Limited Partner, an indirect 99.99% ownership interest in the Affordable Borrower (through the Limited Partner) and 100% ownership interest in the Market Rate Borrower. The aggregate equity funding arrangements for such ownership interests will require that equity contributions be paid in stages during construction of the Project and such contributions are expected to be in the aggregate amount of $[16,852,950][*], inclusive of the Tax Credit equity. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from those initially anticipated and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

**Limited Assets and Obligations of the Borrower**

The Affordable Borrower and the Market Rate Borrower have not acquired and do not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Affordable Borrower or the Market Rate Borrower may engage in the acquisition, development, ownership and management of similar types of projects that may be competitive with the Project.

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[*] Preliminary; subject to change.

Neither the Affordable Borrower nor the Market Rate Borrower nor their partners, members or affiliates will be personally liable to pay the principal of and interest on the Bonds, the primary security for which is the Letter of Credit. Furthermore, no representation is made that either the Affordable Borrower or the Market Rate Borrower will make substantial funds available for the Project (other than pursuant to the commitment of the Equity Investor as shown under the heading "ESTIMATED SOURCES AND USES OF FUNDS"). Accordingly, neither the Affordable Borrower's nor the Market Rate Borrower's financial statements nor those of their partners, members or affiliates are included in this Official Statement.

**The Contractor**

The Contractor for the Project will be Holland Construction, Inc., a Washington corporation (the "Contractor"). Established in 2001, the Contractor is an experienced general contractor specializing in multifamily, office, and mixed-use construction, and provides preconstruction and construction management services. The Contractor only constructs projects that are developed and financed by affiliates of HPG. The Contractor does not "self-perform," meaning that all of the work is done through subcontractors. The Contractor operates in five regions – Seattle, Portland, Denver, Northern California and Southern California – and has completed [32] multifamily projects that produced [6,592] apartment units. The Contractor currently has [13] projects under construction that will have a total of [4,508] apartment units.

**The Property Manager**

The Project will be managed by Holland Residential (California), Inc., a California corporation (the "Property Manager"). The Property Manager is licensed for property management in the State of California and is wholly owned by Holland Residential, LLC, a Washington limited liability company ("Holland Residential"). Holland Residential is indirectly wholly owned by HPG. Holland Residential is engaged in property management throughout Arizona, California, Colorado, Oregon and Washington, with a management portfolio of approximately [56] communities and a total of approximately [17,093] units under management. Holland Residential typically only provides property management services for projects in which HPG has an ownership interest. On occasion, Holland Residential will provide third party services for properties owned by entities with which HPG has a strategic relationship. Additional information regarding Holland Residential can be found at www.hollandresidential.com.

**The Architect**

The architect for the Project will be Carrier Johnson (the "Architect"). Founded in 1977, the Architect has been the principal architect on over 121 multifamily projects totaling over 10,280 units located throughout the Pacific Region, with multifamily projects in California, Oregon and Washington. The Architect currently employs 65 professional employees.

**Regulatory Restrictions**

Pursuant to the Regulatory Agreement, the Affordable Project will be operated as a qualified residential rental project with 41 of the residential units in the Affordable Project occupied by Very Low Income Tenants (i.e., tenants whose combined annual income does not exceed fifty percent (50%) of the median gross income for the area in which the Affordable Project is located ("AMI"), adjusted for family size). The Regulatory Agreement further requires that the rents which may be charged to the Very Low Income Tenants shall not exceed 30% of an amount equal to 50% of AMI, in accordance with Section 142(d) of the Code. Failure to comply with these requirements could result in the loss of the federal tax exemption of the Bonds retroactive to their date of issuance.

In addition to the rental restrictions imposed upon the Affordable Project by the Regulatory Agreement, the Affordable Project will be further encumbered by a tax credit extended use agreement (the "Tax Credit Extended Use Agreement"), to be executed by the Borrower in connection with the 4% low income housing tax credits (the "Tax Credits") anticipated to be granted for the Affordable Project and in compliance with the requirements of Section 42 of the Code. The Tax Credit Extended Use Agreement will restrict the income levels of [41] of the units in the Affordable Project (the "Tax Credit Units"), which Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than [50]% of AMI adjusted for family size, and the rents which may be charged for occupancy of the Tax Credit Units will be restricted to not more than [30]% of [50]% of AMI, adjusted for family size.

[The Affordable Project and the Market Rate Project are also subject to an Agreement Authorizing Affordable Housing Density Bonus, Inclusionary Ordinance Exemption and Imposing Covenants, Conditions and Restrictions on Real Property, among the Affordable Borrower, the Market Rate Borrower, and the San Diego Housing Commission, and a recorded Agreement Affecting Real Property and a Notice of Affordability Restrictions on Transfer of Property in favor of the City of San Diego, pursuant to which the Project is subject to affordable covenants, consistent with those set forth in the Regulatory Agreement, for a period of 55 years from the date the Affordable Borrower acquires the real property underlying the Project. The [__] restricted units in the Affordable Project will satisfy these affordability requirements.]

[GREEN ROOF/GROUND LELVEL OPEN SPACE DENSITY BONUS]

[CITY OF SAN DIEGO AFFORDABILITY REQUIREMENTS PER THE CENTRE CITY DEVELOPMENT PERMIT NO 2019-01]

## THE PROJECT

### The Project

Pursuant to the terms of a Disposition and Development Agreement dated November 30, 2018 (the "DDA") and a Purchase and Sale Agreement and Joint Escrow Instructions dated November 30, 2018 (the "PSA"), between Holland Acquisition Co., LLC, a Washington limited liability company and an affiliate of HPG ("HAC"), and the County of San Diego (the "County"), HAC contracted to purchase from the County three full blocks of land in downtown San Diego, bounded by Union Street on the west, Front Street on the east, A Street on the north and Broadway on the south. The Project will be built on one of the three blocks, known as the South Block, which consists of approximately 1.253 acres bounded by Union Street on the west, Front Street on the east, C Street on the north and Broadway on the south. The transactions contemplated by the DDA and the PSA closed on June 20, 2019. At that closing, HAC assigned to the Equity Investor the rights to purchase the South Block.

The Equity Investor expects to subdivide the land into sixteen (16) condominium units in September 2020* through the recordation of a condominium plan. The overall 16-condominium development, which includes the 81 residential unit Project, is referred to as the "Development." A brief description of the Development follows:

- Market Rate 1: 349 market rate units with an aggregate of [_____] square feet and a 5-

* Preliminary; subject to change.

level below-grade parking garage with approximately [_____] parking stalls ("Market Rate 1")

- Market Rate 2: 41 market rate residential units with an aggregate of [_____] square feet (the "Market Rate Project")

- Affordable: 41 affordable rate units with an aggregate of [_____] square feet (the "Affordable Project," and together with the Market Rate Project, the "Project")

- Retail 1-6: Six separate ground floor retail units with an aggregate of [_____] square feet (the "Retail Project")

- Office 1-7: Seven separate office units on seven floors with an aggregate of [_____] square feet (the "Office Building Project")

The 41-unit Affordable Project is currently owned by the Affordable Borrower, and the 41-unit Market Rate Project is currently owned by the Market Rate Borrower. The Project will consist of 82 residential units of which (a) 41 units will be affordable to families with incomes that do not exceed 50% of area median income ("AMI") and (b) 41 units will be market rate. The Project will have 24-hour staffing in lieu of a dedicated manager's unit.

The Development will be a 37-story mixed-use project of Type I concrete construction. The Development will consist of 29 levels of residential units and amenities over eight levels of commercial office and ground floor retail. The overall Development is comprised of 431 apartment units aggregating 408,349 square feet, approximately 17,812 square feet of ground floor retail and approximately 250,000 square feet of office. The Development will contain five levels of underground parking with an aggregate of [_____] parking spaces.

The same residential amenities will be available to tenants of the apartments in Market Rate 1 and the Project. The amenities are expected to include a rooftop lounge with pool, spa and outdoor terrace, an eighth floor outdoor deck with BBQs, resident lounge with dining area, dog run, fitness center and meeting spaces. Unit amenities will include central heating/cooling, refrigerators, stove/oven, dishwasher, quartz countertops, tile backsplashes, USB power outlets in the kitchen and master bedroom, thermostat, vinyl flooring, cabinetry, shades and CAT6 cabling. Service amenities will be provided by Project Access Resource Centers and will include instructor-led educational, health and wellness, skill building classes and a service coordinator/social worker.

The unit mix and applicable affordability restrictions for the Project are shown in the following table:

| **Unit Type** | **Market Rate Project** | **Affordable Project (50% AMI)** | **Total Units** |
|---|---|---|---|
| Studio | 9 | 7 | 16 |
| 1 Bedroom | 31 | 18 | 49 |
| 2 Bedroom | 1 | 14 | 15 |
| 3 Bedroom | 0 | 2 | 2 |
| **Total Units** | **41** | **41** | **82** |

Demolition of existing improvements and excavation started in [_____] 2020*. Vertical construction of the Development is expected to commence in June or July 2020* and is expected to be completed approximately [__]* months later.

The Development includes a parking garage with five levels of underground parking containing approximately [__] stalls, which parking garage will be part of Market Rate 1. The [Master Declaration of Covenants, Conditions and Restrictions and Establishment of Easements for Condominiums], recorded when the condominiums were created, provides a perpetual easement to each of the Affordable Project and the Market Rate Project to use not less than [41] parking stalls. Parking stalls will also be made available for use by Market Rate 1 and the Office Building Project. It is currently not expected that parking will be made available to the Retail Project.

Proceeds of the Bonds will only be used to develop, construct and operate the Project consisting of the Affordable Project and the Market Rate Project. No portion of the proceeds from the Bonds will be used to fund construction of the balance of the Development including the parking garage or any of the other condominium units.

A conceptual depiction of the stacking of the 16 condominium units within the Development appears below. The depiction is not drawn to scale and is subject to change.

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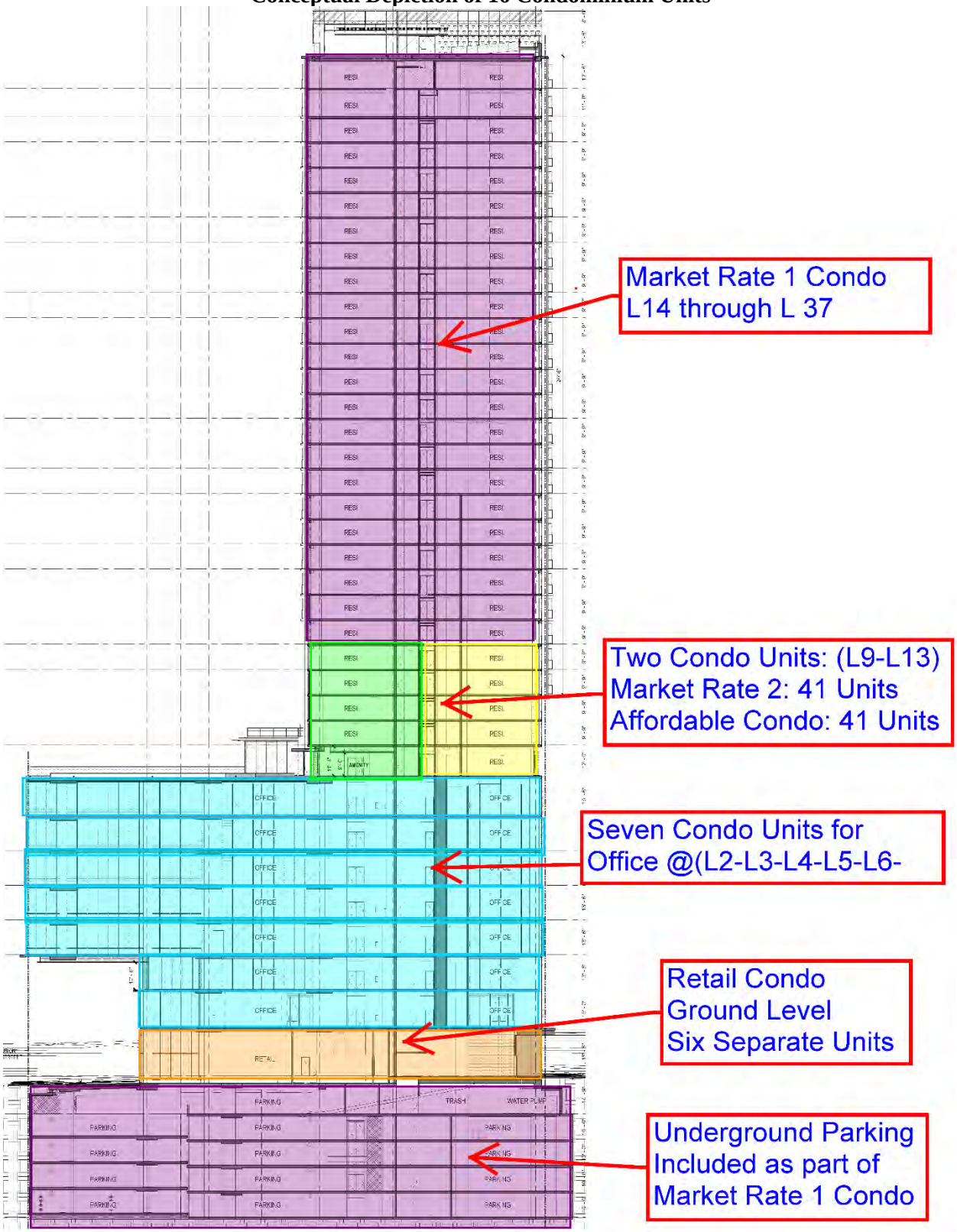
* Preliminary; subject to change.

**Conceptual Depiction of 16 Condominium Units**



The unit mix of the Affordable Project is as follows:

| Number of Units | Unit Type | Approximate Square Feet |
|---|---|---|
| 7 | Studio | [___] |
| 18 | 1-Bedroom | [___] |
| 14 | 2-Bedroom | [___] |
| 2 | 3-Bedroom | [___] |
| **Total: 41** | | |

The unit mix of the Market Rate Project is as follows:

| Number of Units | Unit Type | Approximate Square Feet |
|---|---|---|
| 9 | Studio | [___] |
| 31 | 1-Bedroom | [___] |
| 1 | 2-Bedroom | [___] |
| **Total: 41** | | |

## PROJECT DOCUMENTS

In connection with the Mortgage Loan, the Borrower will execute, among other things, (1) the Mortgage Note to the Issuer, which will be assigned by the Issuer to the Trustee; (2) the Deed of Trust, Security Agreement, Assignment of Rents and Fixture Filing for the benefit of the Trustee; (3) the Loan Agreement with the Issuer and the Trustee; (4) the Regulatory Agreement with the Issuer and the Trustee and (5) the Reimbursement Agreement with the Bank, and the Issuer will execute the Indenture with the Trustee. See Appendix A for a brief summary of certain provisions of some of these documents; such summaries do not purport to be complete and reference is made to the actual documents, available from the Trustee, for a complete statement of their provisions.

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## ESTIMATED SOURCES AND USES OF FUNDS*

The sources and uses of Bond proceeds and other amounts, as estimated by Borrower are as follows:

| **Sources of Funds** | **Construction** | **Permanent** |
|---|---|---|
| Bond Proceeds | $24,000,000 | $21,000,000 |
| Tax Credit Equity | 5,385,350 | 8,385,350 |
| Borrower Equity | 11,467,600 | 11,467,600 |
| **Total** | **$40,852,950** | **$40,852,950** |
| **Uses of Funds** | | |
| Land Cost | $196,370 | $196,370 |
| Construction and Site Work | 30,252,664 | 30,252,664 |
| Architectural & Engineering | 1,105,152 | 1,105,152 |
| Construction Loan Interest & Fees | 4,002,904 | 4,002,904 |
| Other Project Costs (e.g., impact fees) | 1,648,458 | 1,648,458 |
| Contingency | 1,540,367 | 1,540,367 |
| Developer Fee | 766,915 | 766,915 |
| Other Costs | 893,735 | 893,735 |
| Reserves | 446,385 | 446,385 |
| **Total** | **$40,852,950** | **$40,852,950** |

## CERTAIN BONDOWNERS' RISKS

### General

WHILE THE INDENTURE AND THE LOAN AGREEMENT OBLIGATE THE BORROWER TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS, AS WELL AS THE PURCHASE PRICE OF BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE, IN THE EVENT SUCH PRINCIPAL, INTEREST, OR PURCHASE PRICE IS NOT PAID FROM THE PROCEEDS OF REMARKETING THE BONDS OR AMOUNTS DRAWN UPON THE LETTER OF CREDIT, NO ASSURANCES CAN BE GIVEN THAT THE BORROWER WILL HAVE SUFFICIENT FUNDS AVAILABLE FOR SUCH PURPOSES. THE BONDS ARE OFFERED SOLELY ON THE BASIS OF THE LETTER OF CREDIT AND NOT ON THE BASIS OF THE CREDIT OF THE BORROWER, THE FEASIBILITY OF THE PROJECT OR ANY OTHER SECURITY. AS A CONSEQUENCE, NO INFORMATION ABOUT THE FINANCIAL CONDITION OR RESULTS OF OPERATIONS OF THE BORROWER IS INCLUDED IN THIS OFFICIAL STATEMENT.

The Bonds may not be a suitable investment for all prospective purchasers. Prospective purchasers should consult their investment advisors before making any decisions as to the purchase of the Bonds. The following discussion, while not setting forth all the factors which must be considered, contains some of the factors which should be considered prior to purchasing the Bonds. This discussion of risk factors is not, and is not intended to be, exhaustive.

* Preliminary; subject to change.

**The Letter of Credit and the Bank**

Payment of the principal of and interest on the Bonds, and the Purchase Price of tendered and unremarketed Bonds, is supported by the Letter of Credit. Payment under the Letter of Credit depends on the creditworthiness of the Bank. There can be no assurance that the Bank will maintain its present financial condition or that an adverse change in such condition will not adversely affect its ability to honor future drawings under the Letter of Credit.

The rating of the Bonds will be dependent on the rating of the Bank. A downgrade of the credit of the Bank will result in a corresponding downgrading of the rating on the Bonds. See "RATING" herein. While the Bonds bear interest at a Variable Rate, the Indenture permits the Borrower to substitute the Letter of Credit with a Substitute Letter of Credit or an Alternative Credit Facility meeting the requirements set forth in the Indenture, should the Borrower voluntarily wish to do so, on any Business Day or upon receipt by the Trustee of written notice of an Act of Bankruptcy of Bank or a Determination of Unenforceability.

So long as the Bank has not wrongfully failed or refused to honor a conforming draw under the Letter of Credit (a "Letter of Credit Default"), the Bank will control the exercise of remedies by the Trustee with respect to the Bonds and under the Loan Agreement; and any waiver of an Event of Default will be subject to the Bank's prior written consent. Furthermore, so long as no Letter of Credit Default has occurred, no Event of Default under the Loan Agreement or the Indenture can effectively lead to the acceleration of the Bonds except at the direction of the Bank. See "THE BONDS—Redemption of the Bonds—Mandatory Redemption" herein for information regarding mandatory redemption of outstanding Bonds without the consent of the Bank. See also "The Indenture—Defaults" and "—Acceleration of Maturities" in Appendix A hereto.

Unless extended, the Letter of Credit will expire as described therein. In the event that the Bank declines to extend the term of the Letter of Credit and an Alternate Credit Facility or a Substitute Letter of Credit cannot be obtained, the Bonds will be subject to mandatory redemption prior to the expiration date of the Letter of Credit. See "THE BONDS—Redemption of the Bonds—Mandatory Redemption" herein.

**The Book-Entry System**

Under the Indenture, the Trustee is instructed to give notices and pay the principal of and interest on the Bonds to the Owners. So long as the Bonds are registered in the book-entry only system maintained by DTC, the Trustee is required to give such notices and to make such payments only to DTC. DTC is expected to forward (or cause to be forwarded) such notices and payments to the Beneficial Owners. None of the Issuer, the Trustee, the Bank, the Remarketing Agent or the Borrower will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

**Tax-Exempt Status of Bonds**

Failure to comply with certain continuing legal requirements, such as the requirement for the Borrower to comply with the requirements of the Loan Agreement, the Regulatory Agreement and the Tax Certificate, may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Indenture does not provide for the payment of any additional interest or penalty in such an event. The Bonds will be subject to mandatory redemption as soon as practicable following written notice from the Issuer, the Borrower or Bond Counsel of a Determination of Taxability or to prevent a Determination of Taxability. See the information herein under the heading "THE BONDS—Redemption of the Bonds" herein.

**Potential Impact of Pandemics**

The spread of the strain of coronavirus commonly known as COVID-19 is altering the behavior of businesses and people in a manner that is having negative effects on global, state and local economies. There can be no assurances that the spread of a pandemic, including a strain of coronavirus known as COVID-19, will not materially impact both local and national economies and, accordingly, have a materially adverse impact on the Project's operating and financial viability. This could include, among other things, the length of time necessary to complete the construction and/or rehabilitation of the Project, suspension or delay of site inspections and other on-site meetings, the engagement of material participants in the Project, the length of time necessary to conduct lease-up at the Project, and increased delinquencies and/or vacancies, all of which could impact the Borrower's ability to cover scheduled debt service payments on the Mortgage Loan and result in an acceleration thereof and a corresponding redemption of the Bonds. See "THE BONDS – Redemption of the Bonds" herein.

**Legislative Response to COVID-19**

Recent federal legislation, passed to address the economic effects of COVID-19, known as the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the "CARES Act"), provides for a temporary moratorium on eviction of tenants until July 25, 2020 due to nonpayment of rents when the landlord's mortgage on that property is supplemented or assisted in any way by HUD. Such provision would apply to a project that receives HUD assistance under a Section 8 Housing Assistance Payment Contract, which the Project does **not** expect to receive. If such provision of the CARES Act was extended to cover projects such as the Project, or similar legislation was adopted at the state or local level, such eviction moratorium and the Borrower's inability to evict non-paying tenants of the Project and replace them with paying tenants would also be extended. No assurances can be given that subsequent federal, state or local legislation enacted in response to the COVID-19 pandemic will not adversely affect the Borrower's ability to collect rent and evict tenants for nonpayment of rent or otherwise operate the Project as planned.

**Enforceability of Remedies**

The remedies available to the Bondowners upon an event of default under the Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy laws, the Indenture and the various related documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by principles of equity.

**Additional Bonds and Subordinate Financing**

The Borrower may obtain additional financing for the Project at a future date. Such additional financing could be in the form of additional bonds issued by the Issuer. Additional bonds could be issued on a parity basis with the Bonds pursuant to a supplemental trust indenture provided that the issuance thereof meets the requirements for issuance as set forth in the Indenture. See "THE BONDS—Additional Bonds; Additional Indebtedness" herein. Such additional financing could also be in the form of a conventional loan, the payment obligations with respect to which would be subordinate to or in some cases could be on parity with the Borrower's payment obligations under the Mortgage Loan. In either case, the increased repayment obligations of the Borrower could increase the likelihood of an early

redemption of the Bonds. Any such redemption would be at a price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

## TAX MATTERS

### Federal Tax Status

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Tax Code"). It should be noted, however, that such interest is an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals.

The opinions set forth in the preceding paragraph are subject to the condition that the Issuer and the Borrower comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Borrower have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

### Multimodal Disclosure

The interest rate mode and certain requirements and procedures contained in or referred to in the Indenture, the Loan Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

### California Tax Status

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

### Other Tax Considerations

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any

future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

## UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has entered into a Bond Purchase Agreement to purchase the Bonds as they are drawn down, if any of the Bonds are to be purchased, at a price equal to the principal amount thereof. The Bond Purchase Agreement provides that the Underwriter will receive compensation for its services from the Borrower in the amount of $_____ plus $_____ for expenses (not including the fees of its counsel). The obligations of the Underwriter to pay for the Bonds are subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrower has agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

The Underwriter may offer and sell Bonds that it purchases to certain dealers including dealer banks and dealers depositing Bonds into investment trusts and others at prices lower than the public offering prices stated on the cover of this Official Statement. The initial public offering prices of the Bonds may be changed from time to time by the Underwriter.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

In addition to serving as Underwriter, Stifel, Nicolaus & Company, Incorporated has been designated to serve as Remarketing Agent and may receive a fee for its remarketing services in connection with the remarketing, if any, of the Bonds.

## MUNICIPAL ADVISOR

Ross Financial (the "Municipal Advisor") is serving as municipal advisor to the Issuer with respect to its role as issuer of the Bonds. The Municipal Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings. The fee of the Municipal Advisor is contingent on the sale of the Bonds.

## RATING

It is a condition to the issuance of the Bonds that S&P Global Ratings (the "Rating Agency") will have assigned a rating to the Bonds as set forth on the cover hereof based upon the Letter of Credit. Any desired explanation of the significance of the rating should be obtained from the Rating Agency. Certain information and materials not included in this Official Statement were furnished to the Rating Agency.

Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies, and assumptions by the rating agency. The rating is not a recommendation to buy, sell, or hold the Bonds. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. Neither the Underwriter nor the Issuer has undertaken responsibility either to bring to the attention of the registered owners of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Bonds if a registered owner attempts to sell the same.

## ABSENCE OF MATERIAL LITIGATION

### The Issuer

At the time of issuance of the Bonds, the Issuer delivered certificates to the effect that, to the best knowledge of the Issuer, there is no action, suit or proceeding pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, the Indenture, the Loan Agreement or the Regulatory Agreement, or in any way contesting or affecting the validity of the foregoing.

### The Borrower

There is no litigation now pending against the Borrower or, to the knowledge of officers of the Borrower, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds, the Indenture, the Loan Agreement, the Regulatory Agreement, the Letter of Credit, the Reimbursement Agreement, the Deed of Trust or the Mortgage Note, or in any way contesting or affecting the validity of any of these documents or of any proceedings of the Borrower taken with respect to the issuance or sale of, or the pledge or application of any money or security provided for the payment of, the Bonds, the Letter of Credit or the Mortgage Note.

There is no litigation of any nature now pending against the Borrower or, to the knowledge of officers of the Borrower, threatened which, if successful, would materially adversely affect the operations or financial condition of the Borrower.

## CERTAIN LEGAL MATTERS

All legal matters in connection with the issuance of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon by the City Attorney of San Diego, California, Counsel to the Issuer, by Oregon Law Group, PC, Portland, Oregon and Chernove & Associates, Inc., Encino, California, Counsel to the Borrower and by Chapman and Cutler LLP, Chicago, Illinois, United States Counsel to the Bank and [_____], Japanese Counsel to the Bank. Certain legal matters will be passed upon for the Underwriter by its counsel, Norris George & Ostrow PLLC, Washington, D.C., and any opinion of such firm will be rendered solely to the Underwriter, will be limited in scope and cannot be relied upon by investors.

Fees and expenses of certain of the above mentioned counsel are contingent upon issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State and the United States of America and bankruptcy,

reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the Bondowners upon a default under the Letter of Credit, the Indenture, the Regulatory Agreement or the Loan Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Letter of Credit, the Indenture, the Regulatory Agreement or the Loan Agreement may not be readily available or may be limited.

## CONTINUING DISCLOSURE

The Issuer has determined that no financial or operating data concerning the Issuer is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell Bonds and the Issuer will not provide any such information. The Issuer shall have no liability to the holders of the Bonds or any other person with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule"). The Borrower has undertaken all responsibilities for any continuing disclosure under the Rule.

The Borrower and the Trustee, as dissemination agent (the "Dissemination Agent") have entered into a Continuing Disclosure Agreement, dated as of the date of the Indenture (the "Continuing Disclosure Agreement"). The Continuing Disclosure Agreement obligates the Borrower to send, or cause to be sent, certain financial information with respect to the Project to the Municipal Securities Rulemaking Board and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board upon the occurrence of certain enumerated events for the benefit of the Beneficial Owners and holders of any of the Bonds. The form of the Continuing Disclosure Agreement is attached as Appendix F hereto. The Borrower has not entered into any other such undertaking with respect to the Rule.

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Indenture or the Loan Agreement (although Bondowners will have any available remedy at law or in equity). Nevertheless, such a failure to comply must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

## MISCELLANEOUS

All of the summaries or descriptions of provisions of the Indenture, the Loan Agreement, the Regulatory Agreement, the Deed of Trust, the Reimbursement Agreement, the Letter of Credit and other documents are made subject to all of the provisions of law and such documents, and these summaries do not purport to be complete statements of such provisions. Reference is hereby made to such documents

for further information in connection therewith. Copies of the aforementioned documents may be obtained from the Trustee.

The agreements of the Issuer with the Bondowners are fully set forth in the Indenture. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Any statements in this Official Statement involving summaries of agreements and matters of interpretation, opinion, or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact. The use by the Underwriter of this Official Statement in marketing the Bonds has been approved by the Borrower.

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(Borrower's Signature Page to Official Statement)

**220 W BROADWAY DEVELOPMENT PARTNERS, L.P.,**
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Affordable Housing Access, Inc.,
a California nonprofit public benefit corporation,
its Manager

By: _____
[_____]

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its Sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its Sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
[_____]

(Borrower's Signature Page Continues on Next Page)

[Borrower's Signature Page to Official Statement]

**220 W BROADWAY MARKET RATE 2, LLC**,
a Delaware limited liability company

By: SDCC South Block, LLC,
a Delaware limited liability company,
its Sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its Sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
[_____]

## APPENDIX A

## DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL DOCUMENTS

*The following is a summary of certain provisions of the Indenture, the Loan Agreement and the Regulatory Agreement. Such summaries do not purport to be complete and reference is made to the actual documents, available from the Trustee, for a complete statement of their provisions.*

### CERTAIN DEFINITIONS

*In addition to the terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in this Official Statement. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in the Indenture, the Loan Agreement, the Reimbursement Agreement and the Letter of Credit.*

"*Account*" means any one or more of the separate special trust accounts created by the Indenture, and includes any subaccount or subaccounts included in such account.

"*Act*" means Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code.

"*Act of Bankruptcy of Bank*" means written notice to the Trustee from the Issuer, the Remarketing Agent, the Borrowers or the Bank that the Bank has been closed by reason of its inability to pay its depositors or has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented in writing to or has petitioned or applied in writing to any authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Bank; provided, that no Act of Bankruptcy of Bank shall have occurred in the event and so long as the obligations of the Bank under the Letter of Credit have been and continue to be assumed by another institution appointed by a regulatory agency having appropriate jurisdiction; provided, however, that for purposes of this definition, with respect to the Initial Letter of Credit, Bank shall refer to the Initial Letter of Credit Bank.

"*Administrative Agent*" means Mizuho Bank, Ltd., acting through its New York Branch, as administrative agent under the Reimbursement Agreement, and its successors and assigns in such capacity.

"*Affordable Borrower*" means 220 W Broadway Development Partners, L.P., a Delaware limited partnership registered in California and its successors and assigns.

"*Affordable Rate Condominium*" has the meaning given to the term "Affordable Rate Unit" in the Declaration, which includes 41 residential rental units that will be rented to qualified tenants at affordable rental rates as more specifically set forth in the Regulatory Agreement.

*"Alternate Credit Facility"* means a Credit Facility other than the Letter of Credit.

*"Alternate Rate"* means the Fixed Rate, Weekly Rate or Daily Rate other than the interest rate on the Bonds then in effect.

*"Authorized Denomination"* means with respect to the Bonds prior to the Fixed Rate Conversion Date, $100,000 or any integral multiple of $5,000 in excess of $100,000 within a single maturity and, with respect to the Bonds after the Fixed Rate Conversion Date, $5,000 or any integral multiple thereof within a single maturity.

*"Bank"* means (i) while the Initial Letter of Credit is in effect, the Administrative Agent, or (ii) upon the issuance of a Substitute Letter of Credit, the issuer of a Substitute Letter of Credit.

*"Bank Bonds"* or *"Pledged Bonds"* means Bonds owned by the Bank as a result of a liquidity draw on the Letter of Credit.

*"Beneficial Owner"* means the beneficial owner of all or a portion of the Bonds while the Bonds are in book-entry form.

"*Bond*" or "*Bonds*" means any one or more of the Issuer's Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons), Series 2020 F, authorized to be issued under the Indenture in the aggregate principal amount of $24,000,000*, and includes Bank Bonds, unless the context indicates otherwise.

"*Bond Closing*" or "*Closing Date*" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the initial purchasers thereof, which shall also be the initial Draw Down Date.

"*Bond Counsel*" means Jones Hall, A Professional Law Corporation or an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax exempt nature of interest on bonds issued by states and their political subdivisions, who is or are selected by the Issuer and is or are duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

*"Bond Purchase Agreement"* means the Bond Purchase Agreement, dated _____ __, 2020, by and among the Underwriter, the Issuer and the Borrowers.

"*Bond Register*" means the registration books required to be maintained pursuant to the Indenture.

"*Bond Registrar*" means the party so appointed pursuant to the Indenture.

*"Bond Year"* means, with respect to an issue of Bonds, each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrowers. The first and last Bond Years may be short periods. If no day is selected by Borrowers before the earlier of the final maturity of an issue of Bonds or the date that is five years after the date of delivery of such issue of Bonds, each Bond Year ends on each anniversary of the closing date for such issue of Bonds and on the final maturity of such issue of Bonds.

"*Bondowner*" means the Registered Owner of any Bond.

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* Preliminary; subject to change.

"*Borrower*" and "*Borrowers*" means, individually or collectively, as applicable, 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company registered in California and its permitted successors and assigns, and 220 W Broadway Development Partners, L.P., a Delaware limited partnership registered in California and its permitted successors and assigns.

"*Borrower Controlling Entity*" shall mean with respect to a Borrower, if such Borrower is a partnership, any general partner or managing partner of the Borrower, or if such Borrower is a limited liability company, the manager or managing member of the Borrower, or if such Borrower is a not-for-profit corporation, the shareholders thereof.

"*Borrowers Representative*" shall mean a person or persons at the time designated and authorized to act on behalf of a Borrower by a written certificate furnished to the Issuer and Trustee and containing the specimen signature of such person and signed on behalf of such Borrower by its Borrower Controlling Entity, which certificate may designate one or more alternates.

*"Business Day"* means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in New York, New York are authorized or obligated by law or executive order to close, (iii) a day on which commercial banks in the city or cities in which are located the Principal Office of the Trustee and the principal office of the Bank in the United States at which demands for payment under the Indenture are to be presented are authorized or required by law or executive order to close, (iv) a day on which the New York Stock Exchange is closed, or (v) a day on which the Bank is closed.

*"Code"* means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or Internal Revenue Service, to the extent applicable to the Bonds. All references herein to sections, paragraphs or other subdivisions of the Code or the regulations promulgated thereunder shall be deemed to be references to correlative provisions of any predecessor or successor code or regulations promulgated thereunder.

"*Completion Date*" means [_____ __, 20__].

"*Construction Management Agreement*" means that certain Construction Management Agreement, dated as of July 22, 2019, by and among NASH-Holland SDCC Investors, LLC, a Delaware limited liability company as the owner thereunder, and Holland Construction Management, LLC, a Washington limited liability company, as the construction manager thereunder

*"Continuing Disclosure Agreement"* means the Continuing Disclosure Agreement, dated as of the date of the Indenture, by and between the Borrowers and [_____], in its capacity as dissemination agent.

*"Conversion"* means establishment of the interest rate on the Bonds at a Daily Rate, Weekly Rate or the Fixed Rate pursuant to the Indenture.

*"Conversion Date"* means the effective date of the change in the interest rate borne by the Bonds to a Daily Rate, Weekly Rate, or the Fixed Rate, as established pursuant to the Indenture.

"*Cost of Issuance Fund*" means such Fund created by the Indenture.

"*Counsel*" means an attorney at law or a firm of attorneys (who may be an employee of or counsel to the Issuer or the Borrowers or the Trustee) duly admitted to the practice of law before the highest court of any state of the United States of America or of the District of Columbia.

"*Coverage Amount*" means the principal amount of Outstanding Bonds plus: (i) 45 days of interest (computed as set forth in the Letter of Credit) at the Maximum Interest Rate on the Outstanding Bonds (excluding Bank Bonds) prior to the Fixed Rate Conversion Date; or (ii) 187 days of interest at the rate of interest on the Outstanding Bonds after the Fixed Rate Conversion Date, or such lesser or greater amount permitted or required by the Rating Agency to obtain or maintain a rating on the Bonds.

"*Credit Facility*" means the Letter of Credit or any other instrument such as a policy of bond insurance or guaranty, surety bond or other agreement that provides security for the payment of the principal of and interest on the Bonds when the same become due and the Purchase Price of tendered Bonds while at a Variable Rate.

"*Daily Rate*" means the interest rate on the Bonds as determined by the Remarketing Agent pursuant to the Indenture, which will be borne by the Bonds upon a Daily Rate Conversion Date and will be in effect until a Weekly Rate Conversion Date or Fixed Rate Conversion Date.

"*Daily Rate Bond*" means any Bond during the period the Bonds bear interest at a Daily Rate.

"*Daily Rate Conversion Date*" means the effective date of a change in the interest rate borne by the Bonds from a Weekly Rate to a Daily Rate.

"*Daily Rate Determination Date*" means the date for setting the Daily Rate in accordance with the Indenture.

"*Daily Rate Period*" means any period during which the Bonds bear interest at a Daily Rate.

"*Debt Service*" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation.

"*Debt Service Fund*" means such Fund created by the Indenture.

"*Declaration*" means the Master Declaration of Covenants, Conditions and Restrictions and Establishment of Easements for Courthouse Commons, which has been recorded in the official public records of the Office of the Recorder for San Diego County with respect to the Project.

"*Deed of Trust*" means the Deed of Trust, Security Agreement, Assignment of Rents and Fixture Filing executed by the Borrowers, as grantors for the benefit of the Trustee as beneficiary and secured party, to secure the Borrowers' obligations to the Trustee under the Loan Agreement.

"*Default*" or "*Event of Default*" means an occurrence or event specified in and defined by the Indenture.

"*Demand Date*" means the Business Day on which any Bond is required to be purchased pursuant to the optional or mandatory tender provisions of the Indenture described herein.

"*Determination Date*" means the Daily Rate Determination Date, Weekly Rate Determination Date or the Fixed Rate Determination Date, as appropriate.

"*Determination of Taxability*" means written notice from the Issuer to the Trustee and the Remarketing Agent of (i) failure to make any amendment to the Indenture, the Loan Agreement, Regulatory Agreement or the Tax Certificate or to take any other action that, in the written opinion of Bond Counsel, is necessary to preserve the exclusion for purpose of federal income taxation from gross

income of interest on any Bond, (ii) a Final (as defined below) judgment or order of a court of competent jurisdiction, or a Final ruling or decision of the Internal Revenue Service, in either case to the effect that the interest on any Bond is includable for federal income tax purposes in the gross incomes of the recipients thereof or (iii) the enactment of Federal legislation that has been signed by the President of the United States and has become law, and that, in the written opinion of Bond Counsel, would cause the interest on the Bonds to be includable for federal income tax purposes in the gross incomes of the recipients thereof. For purposes of this definition, the term "Final" shall refer to a judgment or order of a court of competent jurisdiction or a ruling or decision of the Internal Revenue Service from which no appeal or action for judicial review has been filed (and is pending) and the time for filing such appeal or action has expired.

"*Determination of Unenforceability*" means written notice to the Trustee from the Issuer, Remarketing Agent, Borrower or Bank of a Final judgment or order to the effect that the Letter of Credit or Alternate Credit Facility is unenforceable or any payment thereunder is to be withheld, enjoined, restricted, restrained or prohibited other than by reason of any action taken by the Borrowers. For purposes of this definition, the term "Final" shall refer to a judgment or order of a court of competent jurisdiction from which no appeal or action for judicial review has been filed (and is pending) and the time for such appeal or action has expired.

*"Draw Down Date"* means each date on which a principal amount of the Bonds will be drawn down in accordance with the provisions of the Indenture, which must be the date of Bond Closing or an Interest Payment Date.

"*Draw Request*" means a written request by the Borrowers to make a draw on the Bonds, substantially in the form attached to the Loan Agreement as an exhibit.

*"DTC"* means The Depository Trust Company, New York, New York.

*"Executive Director of the Issuer"* means the President and Chief Executive Officer of the San Diego Housing Commission, in his capacity as the chief executive officer of the Issuer.

"*Fixed Rate*" means the interest rate per annum borne by the Bonds from and after the Fixed Rate Conversion Date, determined by the Remarketing Agent in accordance with the Indenture.

*"Fixed Rate Bond"* means any Bond during the period the Bonds bear interest at a Fixed Rate.

*"Fixed Rate Conversion Date"* means the effective date of a change in the interest rate borne by the Bonds to the Fixed Rate from a Daily Rate or a Weekly Rate.

"*Fixed Rate Determination Date*" means the date selected by the Remarketing Agent for setting the Fixed Rate on the Bonds, which shall be a day no later than the twentieth calendar day preceding the Fixed Rate Conversion Date.

"*Fixed Rate Period*" means the period beginning on the Fixed Rate Conversion Date and ending on the maturity date of the Bonds.

"*Fund*" means any one or more of the separate special trust funds created by the Indenture.

*"Government Obligations"* means noncallable, direct, general obligations of the United States of America (including the obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America) or any obligations unconditionally guaranteed as to the full

and timely payment of principal and interest by the full faith and credit of the United States of America, but shall not include unit investment trusts or mutual funds invested in Government Obligations unless such trusts or funds are rated AAAm or AAAm G by the Rating Agency. U.S. Treasury STRIPS and REFCORP STRIPS (by the Federal Reserve Bank of New York) are Government Obligations only with respect to such interest payments.

"*Indenture Act*" means the Trust Indenture Act of 1939 (Act of August 3, 1939, 53 Stat. 1149, 15 U.S.C., Secs. 77aaa-77bbbb, as amended).

"*Initial Interest Rate Mode*" means the mode the Bonds are originally sold in, as identified in the Indenture.

"*Initial Letter of Credit*" means that certain irrevocable, direct pay letter of credit issued in favor of the Trustee with respect to the Bonds, as supplemented and amended from time to time, including any extensions thereof, issued by the Initial Letter of Credit Bank on the Bond Closing.

"*Initial Letter of Credit Bank*" means Mizuho Bank, Ltd., acting through its New York Branch.

"*Insurance and Condemnation Proceeds*" means the proceeds from insurance or from actual or threatened condemnation or eminent domain actions with respect to any portion of the Project, less any costs reasonably expended by the Borrowers to receive such proceeds.

"*Insurance and Condemnation Proceeds Fund*" means the fund of that name established pursuant to the Indenture.

*"Interest Payment Date"* means (a) for so long as the Bonds bear interest at a Variable Rate the first Business Day of each month, commencing [_____ __], 2020, (b) after the Fixed Rate Conversion Date, [_____] 1 and [_____] 1 of each year, or (c) any other date upon which interest on the Bonds is due and payable, whether by maturity, acceleration, prior redemption, purchase, Conversion or otherwise.

*"Interest Period"* means: (a) with respect to Daily Rate Bonds, the period from and including the latest of (i) a Daily Rate Conversion Date or (ii) an Interest Payment Date, to but not including the next succeeding Interest Payment Date; (b) with respect to Weekly Rate Bonds, the period from and including the later of (i) Bond Closing, (ii) the Weekly Rate Conversion Date or (iii) an Interest Payment Date, to but not including the next succeeding Interest Payment Date; and (c) with respect to Fixed Rate Bonds, the period from and including the later of (i) the Fixed Rate Conversion Date or (ii) an Interest Payment Date, to but not including the next succeeding Interest Payment Date.

*"Issuance Costs"* means all costs and expenses of issuance of the Bonds, including, but not limited to:

(a) underwriter's discount or fee;

(b) counsel fees and expenses, including bond counsel, underwriter's counsel, Issuer's counsel, Borrowers' counsel and Bank counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds;

(c) financial advisor fees and expenses incurred in connection with the issuance of the Bonds;

(d) initial fees and expenses of the Trustee, including Trustee counsel fees and expenses, in connection with the issuance of the Bonds;

(e) costs of printing the official statement;

(f) publication or copying costs associated with the financing proceedings; and

(g) initial fees and expenses, if any, of the Issuer and the Rating Agency.

"*Issuer*" means the Housing Authority of the City of San Diego, a public body, corporate and politic, duly organized and existing under the laws of the State of California, the Issuer of the Bonds under the Indenture, and its successors and assigns.

"*Issuer Fee*" has the meaning given to that term in the Regulatory Agreement.

"*Letter of Credit*" means the Initial Letter of Credit or any Substitute Letter of Credit meeting the requirements of the Indenture.

"*Letter of Credit Documents*" means the Letter of Credit, the Reimbursement Agreement, and all other documents executed by the Borrowers in favor of the Bank as required by the Reimbursement Agreement.

"*Letter of Credit Proceeds Account*" means an account for the deposit of proceeds from the Letter of Credit.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations signed by the Issuer and accepted by DTC with respect to the initial issuance of the Bonds in book-entry form.

"*Loan Agreement*" means the Loan Agreement, dated as of [_____] 1, 2020, among the Issuer, the Trustee and the Borrowers.

"*Market Rate Borrower*" means 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company registered in California and its successors and assigns.

"*Market Rate Condominium*" has the meaning given to the term "Market Rate Unit 2" in the Declaration.

"*Maturity Date*" means [_____ 1, 20__][*].

*"Maximum Interest Rate"* means (i) for Bonds other than Bank Bonds, 12% per year during a period in which interest on the Bonds is at a Variable Rate; provided, that the Issuer shall designate a higher rate (which is no higher than the rate used to establish the interest portion of the Letter of Credit) than heretofore specified as the Maximum Interest Rate if the Trustee receives: (1) written evidence that the amount of the Letter of Credit has been increased to the Coverage Amount, and (2) an opinion of Bond Counsel addressed to the Trustee, the Issuer and the Remarketing Agent to the effect that the designation will not violate any provision of any law applicable to the Bonds or the Mortgage Loan and a Tax-Exempt No Adverse Effect Opinion and (ii) for Bank Bonds, the maximum rate of interest permitted by applicable law.

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[*] Preliminary; subject to change.

"*Mortgage Loan*" or "*Loan*" means the mortgage loan made by the Issuer to the Borrowers pursuant to the Loan Agreement in an amount equal to the principal amount of the Bonds to provide permanent financing for part of the Project Costs and Issuance Costs.

*"Mortgage Loan Documents"* or "*Loan Documents*" means the Loan Agreement, the Tax Certificate, the Regulatory Agreement, the Deed of Trust, the Mortgage Note, the Bond Purchase Agreement, the Remarketing Agreement and the Continuing Disclosure Agreement.

"*Mortgage Loan Fund*" means the fund of that name created by the Indenture.

"*Mortgage Note*" means the promissory note executed by the Borrowers to evidence the Mortgage Loan.

"*Net Proceeds*" means, when used with reference to the Bonds, the face amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount and proceeds deposited into any reserve fund, if any.

*"Outstanding," "Bonds Outstanding"* or *"Bonds outstanding,"* in connection with the Bonds means, as of the time in question, all Bonds authenticated and delivered under the Indenture, except:

(a) Bonds theretofore cancelled or required to be cancelled under the Indenture;

(b) Bonds deemed to have been paid in accordance with the Indenture; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to the Indenture.

In determining whether the Owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds that are registered in the Bond Register in the name of the Borrowers, the Issuer or any other obligor on the Bonds, or any affiliate of any one of said entities (for the purpose of this definition an "affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person provided that the Trustee shall have received written notice that such Person is an affiliate) shall be disregarded and deemed not to be outstanding under the Indenture for the purpose of any such determination. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Bonds (in certificated form) so owned, which have been pledged in good faith, may be regarded as Outstanding if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Borrowers, the Issuer, or any other obligor on the Bonds, or any affiliate of any of the foregoing. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of Counsel shall be full protection to the Trustee.

*"Owner"* means the Registered Owner of any Bond.

*"Permitted Investments"* mean any of the following for the moneys held under the Indenture then proposed to be invested therein:

(i) time or demand deposits in any United States bank or trust company whose obligations are rated in the three highest rating categories by the Rating Agency, having aggregate capital and surplus of at least $50,000,000 (including the banking departments of the Trustee and Bank and their affiliates);

(ii) obligations, participations or other instruments of, or issued by, the Federal National Mortgage Association, or issued by a United States agency or a United States government enterprise;

(iii) repurchase agreements fully collateralized by obligations listed in (ii), (v) or (vii) hereof, with institutions rated in one of the three highest rating categories of S&P Global Ratings, Moody's Investors Service or Fitch Ratings, Inc.;

(iv) a promissory note or other evidence of indebtedness (and any investment agreement) of a bank or a bank holding company whose obligations are rated in one of the three highest rating categories of the Rating Agency;

(v) bonds, notes, certificates of indebtedness or other obligations of a state, an instrumentality or a political subdivision thereof, which obligations have been granted by the Rating Agency a credit rating equal to or better than the rating on the Bonds (but not lower than the third highest rating category of the Rating Agency);

(vi) a promissory note or other evidence of indebtedness (and any investment agreement) of a United States branch or agency of a foreign financial institution whose short term obligations are rated in the highest category by a nationally recognized rating agency;

(vii) Government Obligations;

(viii) shares of a money market mutual fund or other collective investment fund investing in Government Obligations, which fund is registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least $100,000,000, and having a rating AAAm or AAAm G by S&P and "Aaa" by Moody's, including money market mutual funds from which the Trustee or its affiliates derive a fee for investment advisory or other services to the fund that meet the requirements of this clause (viii);

(ix) an investment agreement (whether or not collateralized) with an institution rated in one of the three highest rating categories of S&P Global Ratings, Moody's Investors Service or Fitch Ratings, Inc.; or

(x) any other investment with the prior written consent of the Bank.

*"Person"* means any natural person, firm, partnership, limited liability company, association, corporation, trust or public body.

"*Principal Office*" means when used with respect to the Trustee, the corporate trust office of the Trustee, which at the date of the Indenture is located at the address shown in the Indenture or such other location designated in writing by the Trustee or Bond Registrar.

"*Project*" means the Affordable Rate Condominium and the Market Rate Condominium, which facilities are to be financed from the proceeds of the Bonds or any payments by the Borrowers that are

reimbursed by proceeds of the Bonds, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

"*Project Costs*" means, to the extent authorized by the Code and the Act, any and all costs, including financing and refinancing costs, incurred by the Borrowers with respect to the acquisition, construction, renovation, improvement, equipping and refinancing (provided that refinancing is owed to Persons who are not related to the Borrowers within the meaning of Section 144(a)(3) of the Code), as the case may be, of the Project, including, without limitation, costs for site preparation, the planning of housing, other facilities and improvements, the acquisition of real property and of tangible personal property, the removal or demolition of existing structures, the acquisition, refinancing, rehabilitation or construction of housing and other facilities and improvements, and all other work in connection therewith, including, without limitation, the cost of consulting, accounting and legal services, payment of principal of and interest on a construction loan, other expenses necessary or incident to determining the feasibility of the Project, contractors' and Borrowers' overhead and supervisors' fees and costs directly allocable to the Project, the insurance premiums, costs of surveys and appraisals, administrative and other expenses necessary or incident to the development and the financing thereof (including reimbursement, if any, to any municipality, county or entity for expenditures made, with the approval of the Issuer, for the Project) and all other costs approved by Bond Counsel, but excluding Issuance Costs. All Project Costs must be capitalizable and includable in the Borrowers' depreciable tax basis in the Project for federal income tax purposes.

"*Purchase Price*" means with respect to any Bonds or portion thereof required to be purchased pursuant to the Indenture, the principal amount of such Bonds plus interest accrued thereon to the Demand Date.

"*Rating Agency*" means collectively, S&P Global Ratings, Moody's Investors Service, and Fitch Ratings Inc., to the extent, in each case, that such organization is then providing or maintaining a rating on any of the Bonds at the request of the Borrowers, and each Rating Agency's successors and assigns, and, if such entities shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Rating Agency shall be deemed to refer to any other nationally recognized securities rating agency designated by a Borrowers Representative and acceptable to the Issuer.

"*Rating Agency Surveillance Fee*" means the annual fee, if any, of the Rating Agency to maintain a rating on the Bonds.

"*Rebate Amount*" means the amount, if any, determined to be payable with respect to the Bonds by the Issuer to the United States of America pursuant to Section 148 of the Code, calculated in accordance with the Tax Certificate.

"*Rebate Analyst*" means the individual or firm retained by the Issuer to compute the Rebate Amount.

"*Rebate Fund*" means the Fund of that name established pursuant to the Indenture.

"*Record Date*" means, except for payment of defaulted interest, (a) with respect to Bonds bearing interest at a Variable Rate, if the Bonds are in book-entry form, the close of business on the Business Day immediately preceding an Interest Payment Date and, if the Bonds are in certificated form, the fifth Business Day immediately preceding an Interest Payment Date, (b) any Conversion Date and (c) with respect to Bonds bearing Interest at a Fixed Rate, the fifteenth calendar day of the month preceding an

Interest Payment Date. With respect to any payment of defaulted interest, a Special Record Date shall be established by the Trustee in accordance with the provisions of the Indenture.

"*Registered Owner*" means the Person or Persons in whose name or names a Bond shall be registered on books of the Trustee kept for that purpose in accordance with the terms of the Indenture and may include the Bank.

"*Regulations*" means proposed, temporary or permanent regulations promulgated under the Code.

"*Regulatory Agreement*" means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date of the Indenture (as supplemented and amended from time to time), with respect to the Project, executed by the Issuer, the Trustee and the Borrowers, and recorded in the property records of the county in which the Project is located.

"*Reimbursement Agreement*" means the Reimbursement Agreement, dated as of the date of the Indenture, among the Bank in its capacities as Issuing Bank (as defined in the Reimbursement Agreement) and Administrative Agent thereunder, the banks from time to time party thereto, and the Borrowers and certain affiliates of the Borrowers, as the same may be amended, restated, supplemented or otherwise modified and any subsequent agreement pursuant to which a Substitute Letter of Credit is issued.

"*Remarketing Agent*" means the agent or agents, and its successors and assigns appointed in accordance with the Indenture.

"*Remarketing Agreement*" means the Remarketing Agreement, dated as of the date of the Indenture, between the Borrowers and the Remarketing Agent, and any similar substitute or additional agreement providing for the remarketing of the Bonds, in each case as supplemented or amended from time to time.

"*Resolution*" means the resolution duly adopted and approved by the Issuer, authorizing the issuance and sale of the Bonds and the execution of the Indenture.

*"Revenues"* means the amounts pledged under the Indenture to the payment of the principal of and interest on the Bonds and amounts owing to the Bank, including the following: (a) proceeds of draws on the Letter of Credit or Alternate Credit Facility; (b) moneys held in the Funds and Accounts (excluding the Cost of Issuance Fund and the Rebate Fund), together with investment earnings thereon received by the Trustee that the Trustee is authorized to receive, hold and apply pursuant to the terms of the Indenture; and (c) all income, revenues, proceeds, obligations, securities and other amounts received by the Trustee and derived from or in connection with the Mortgage Loan, or the Mortgage Loan Documents, subject to the Deed of Trust but excluding amounts payable as the Issuer Fee, the Rating Agency Surveillance Fee, the Trustee Fee, Rebate Amount, the fee for the calculation of the Rebate Amount or any amounts collected as indemnification or reimbursements of expenses of the Issuer or Trustee.

"*Sale Proceeds*" means, with respect to an issue of Bonds, any amounts actually or constructively received from the sale (or other disposition) of any Bond that is part of the issue, including amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any Bond that is part of the issue and that is described in Section 1.148-4 of the Regulations.

*"Seasoned Funds"* means (a) remarketing proceeds received from the Remarketing Agent or any purchaser (other than funds provided by any Borrower, any general partner, member or guarantor of the

Borrowers or the Issuer), (b) proceeds of draws on the Letter of Credit or any other Credit Facility, (c) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bonds and on each subsequent Draw Down Date (including any Bond proceeds deposited to the Mortgage Loan Fund on the Bond Closing and on each subsequent Draw Down Date), (d) proceeds from the investment or reinvestment of money described in clauses (a), (b) and (c) above, or (e) any other funds (including proceeds of any refunding bonds) which, in the written opinion of nationally recognized bankruptcy counsel acceptable to the Rating Agency and delivered to the Trustee, are not subject to treatment as a "preference" under Sections 547 of the Federal Bankruptcy Code, or similar provisions under any applicable bankruptcy law in the event of a bankruptcy by or against the Issuer or the Borrowers or any affiliate of any Borrower.

"*Seasoned Funds Account*" means the Account of that name authorized to be created within the Debt Service Fund pursuant to the Indenture.

*"SIFMA Swap Index"* means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) ("SIFMA") or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Remarketing Agent and effective from such date.

"*Special Record Date*" means, with respect to the payment of any defaulted interest on the Bonds, a date fixed by the Trustee pursuant to the Indenture.

"*State*" means the State of California.

*"Substitute Bank"* means the issuer of a Substitute Letter of Credit.

*"Substitute Letter of Credit"* means an irrevocable transferable direct pay letter of credit delivered to the Trustee in accordance with the Indenture, other than (a) the Initial Letter of Credit or (b) an extension of the expiration date thereof.

*"Substitution Date"* means the date of substitution of the Letter of Credit with a Substitute Letter of Credit or Alternate Credit Facility.

"*Supplemental Indenture*" means any agreement authorized and entered into between the Issuer and the Trustee after the date of the Indenture that amends, modifies or supplements and forms a part of the Indenture.

*"Tax Certificate"* means, collectively, the Certificate as to Arbitrage of the Owner and the Issuer and the Certificate Regarding Use of Proceeds, each dated the Closing Date and executed and delivered by the Borrower.

"*Tax Counsel*" shall mean (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys designated by the Issuer and approved by the Underwriter having a national reputation for skill in connection with the authorization and issuance of municipal bonds under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

"*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 Bonds from gross income for purposes of federal income taxation from the holder thereof except for a "substantial user" or

"related person" as defined in Section 147(a) of the Code (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"*Tax-Exempt*" with respect to interest on any obligations of a state or local government, including the Bonds, means that such interest is excluded from gross income for federal income tax purposes from the owner thereof except for a "substantial user" or "related person" as defined in Section 147(a) of the Code; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax under the Code.

*"Tender Notice"* means a notice of demand for purchase of Bonds given by any Bondowner as described herein.

*"Trust Estate"* means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture as described under the heading "SECURITY FOR THE BONDS—Pledge Under the Indenture" herein and the proceeds of drawings under the Letter of Credit.

"*Trustee*" means [_____], or any successor trustee or co-trustee appointed in accordance with the terms of the Indenture.

"*Trustee Fee*" means (a) an annual payment of $[_____], payable on an annual basis on each [_____] 1 in advance (except that the first payment shall be made on Bond Closing), (b) plus charges, advances, indemnities, costs and expenses (including reasonable attorneys' or agents' fees) incurred for services not covered by its annual administration fee performed by the Trustee under the Indenture and the Loan Documents.

*"Underwriter"* means Stifel, Nicolaus & Company, Incorporated.

*"Variable Rate"* means the Daily Rate or the Weekly Rate borne by the Bonds until Conversion to the Fixed Rate, determined in accordance with the Indenture.

*"Variable Rate Determination Date"* means either the Daily Rate Determination Date or the Weekly Rate Determination Date.

"*Variable Rate Mode*" means a Daily Rate or a Weekly Rate.

*"Weekly Rate"* means the interest rate on the Bonds from the issuance of the Bonds or a Weekly Rate Conversion Date until a Daily Rate Conversion Date or a Fixed Rate Conversion Date as determined by the Remarketing Agent pursuant to the Indenture.

*"Weekly Rate Bond"* means any Bond during the period the Bonds bear interest at a Weekly Rate.

*"Weekly Rate Conversion Date"* means the effective date of a change in the interest rate borne by the Bonds to a Weekly Rate from a Daily Rate.

*"Weekly Rate Determination Date"* means the date for setting a Weekly Rate in accordance with the Indenture, which will be the day before the Bond Closing or a Weekly Rate Conversion Date, and thereafter each Wednesday, except that if such Wednesday is not a Business Day, then the next succeeding Business Day.

"*Weekly Rate Period*" means (except as otherwise provided in the Indenture) a period from and including the Bond Closing or a Weekly Rate Conversion Date through and including the next Tuesday, and thereafter a period from and including each Wednesday through and including the next Tuesday during which the Weekly Rate determined on the Weekly Rate Determination Date will be in effect.

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## THE INDENTURE

*The following is a summary of certain provisions of the Indenture. Such summary does not purport to be complete and reference is made to the actual document, available from the Trustee, for a complete statement of its provisions.*

***Funds and Accounts.*** The Indenture creates the following Funds and Accounts relating to the Bonds:

(a) the Mortgage Loan Fund;

(b) the Cost of Issuance Fund;

(c) the Debt Service Fund, and;

(d) the Insurance and Condemnation Proceeds Fund (which need not be established by the Trustee until deposits are required to be made therein).

Each Fund and Account shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. All moneys deposited in the Funds and Accounts shall be used solely for the purposes set forth in the Indenture. The Trustee shall keep and maintain adequate records pertaining to each Fund and Account, and all disbursements therefrom.

The Trustee shall be entitled to establish other trust funds and accounts, including but not limited to the Letter of Credit Proceeds Account, an account for the deposit of proceeds from remarketing, and a Seasoned Funds Account in the Debt Service Fund and a Rebate Fund, as the Trustee shall deem necessary in order to properly administer the Trust Estate.

***Mortgage Loan Fund.*** The Trustee shall deposit into the Mortgage Loan Fund the amounts received pursuant to the Indenture. On each Draw Down Date thereafter, the Trustee shall deposit into the Mortgage Loan Fund the amounts received on each Draw Down Date. Such moneys and the investment earnings thereon shall be held by the Trustee in trust and shall be applied or disbursed in accordance with the Indenture and the Loan Agreement.

In accordance with the Loan Agreement, the Trustee shall disburse amounts from the Mortgage Loan Fund pursuant to Funding Requisitions (as defined in the Loan Agreement) in substantially the form attached as an exhibit to the Loan Agreement.

Amounts remaining in the Mortgage Loan Fund on the Completion Date shall be used to redeem Bonds as described in the Indenture.

Amounts in the Mortgage Loan Fund shall be invested only in Permitted Investments as described in instructions from the Borrowers and approved by the Bank.

***Cost of Issuance Fund.*** On Bond Closing, the Trustee shall deposit into the Cost of Issuance Fund the amounts set forth in an exhibit attached to the Indenture. Moneys on deposit in the Cost of Issuance Fund shall be applied to pay Issuance Costs set forth in a closing memorandum prepared by the Underwriter and approved by the Issuer, or otherwise approved by the Issuer. Any moneys remaining in the Cost of Issuance Fund on the 60th day following Bond Closing and not reasonably expected to be necessary for the payment of any expenses under the Indenture or costs of issuance of the Bonds shall be

transferred at the direction of the Borrowers and the Cost of Issuance Fund shall be closed; provided, that any requests for payments of additional fees and costs incurred in connection with the issuance of the Bonds received after the 60th day following Bond Closing shall be immediately paid for by the Borrowers. The Cost of Issuance Fund may be reopened if required under the Indenture and closed again by the 60th day thereafter subject to the requirements of this paragraph. Notwithstanding anything to the contrary contained in the Indenture, all interest earnings from investment of amounts deposited in the Cost of Issuance Fund shall be remitted to the Issuer on a periodic basis (not less than once every month).

Moneys in the Cost of Issuance Fund shall be invested only in Permitted Investments as described in subsection (viii) of such definition.

***Debt Service Fund.*** Money on deposit in the Debt Service Fund shall be applied solely to pay the principal of and premium, if any, and interest on the Bonds as the same shall become due and payable, subject to the provisions described in paragraph (d) under the heading "Letter of Credit and Drawings Thereunder" below.

*Payments of Interest.* The Trustee shall deposit into the Debt Service Fund (i) funds received from an interest draw on the Letter of Credit other than upon a remarketing in accordance with the provisions described in paragraph (c) under the heading "Letter of Credit and Drawings Thereunder" below, and (ii) upon any failure of the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) to honor a properly presented and conforming draw on the Letter of Credit, any other Revenues received by the Trustee and available to pay interest on the Bonds, in that order of priority, in an amount sufficient to pay the interest becoming due and payable on the Bonds on the next Interest Payment Date. On each scheduled Interest Payment Date, the Trustee shall remit in accordance with the Indenture to the Bondowners as of the Record Date for such interest payment, an amount from the Debt Service Fund sufficient to pay the interest on the Bonds becoming due and payable on such date.

*Payments of Principal.* The Trustee shall deposit into the Debt Service Fund from (i) funds received from a principal draw on the Letter of Credit other than upon a remarketing, and (ii) upon any failure of the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) to honor a properly presented and conforming draw on the Letter of Credit, any other Revenues received by the Trustee and available to pay principal of and premium, if any, on the Bonds, in an amount sufficient to pay the principal of and premium, if any, on the Bonds on the next Interest Payment Date. On each date on which any principal becomes payable on the Bonds, the Trustee shall set aside and hold in trust, an amount from the Debt Service Fund sufficient to pay the amount of principal of the Bonds becoming due and payable on such date.

*Seasoned Funds Account*. If the Borrowers deposit with the Trustee moneys to be used to pay the redemption premium on the Bonds in accordance with the Indenture, the Trustee shall establish a Seasoned Funds Account in the Debt Service Fund and a separate subaccount therein for each such deposit. Moneys on deposit in the Seasoned Funds Account that represent Seasoned Funds shall be transferred to the Debt Service Fund to the extent necessary to pay the premium, if any, on the Bonds as the same become due and payable by redemption. Such moneys shall be paid to the Bondowners only if they constitute Seasoned Funds. Any excess moneys in the Seasoned Funds Account shall be paid to the Borrowers.

*Insurance and Condemnation Proceeds*. Insurance and Condemnation Proceeds to be applied to the redemption of Bonds pursuant to the Loan Agreement and the Indenture shall be deposited in the Debt Service Fund.

***Rebate Fund.*** If the Trustee receives amounts determined in accordance with the Tax Certificate to be a Rebate Amount, the Trustee shall establish a Rebate Fund and deposit such amounts therein. The Trustee shall withdraw such amounts to pay the Rebate Amount required to be paid to the United States of America as specified in writing by the Rebate Analyst, Bond Counsel or the Issuer. The Trustee shall not be responsible for calculating Rebate Amounts, for the adequacy or correctness of any rebate report, or for enforcing compliance with rebate filing or reporting requirements.

***Investment of Moneys.*** Moneys in all Funds and Accounts, except as otherwise provided in the Indenture, shall be continuously invested and reinvested by the Trustee, at the written direction of the Borrowers with the Bank's consent, as practicable and as described under this heading, until such time or times as said moneys shall be needed for the purposes for which they were deposited. Moneys on deposit in all Funds and Accounts may be invested only in Permitted Investments; provided, that (i) amounts held in the Debt Service Fund representing draws on the Letter of Credit or remarketing proceeds shall remain uninvested, and (ii) amounts otherwise held in the Seasoned Funds Account shall be either (1) held as cash or (2) invested and reinvested by the Trustee at the written direction of the Borrowers, only in Government Obligations or in a money market fund meeting the requirements of clause (viii) of the definition of Permitted Investments. Except with respect to amounts held pursuant to the defeasance provisions of the Indenture, direct investments in Government Obligations shall have a maturity of 30 days or less. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment made in accordance with the provisions of the Indenture described under this heading. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter.

The Trustee shall sell and reduce to cash a sufficient amount of investments in a Fund or Account whenever the cash balance therein is insufficient to pay the amounts required to be paid therefrom. The Trustee may transfer investments from any Fund or Account to any other Fund or Account in lieu of cash when a transfer is required or permitted by the provisions of the Indenture.

In computing the amount of any Fund or Account, Permitted Investments purchased as an investment of moneys therein shall be valued at the then market value of such obligations, excluding any accrued interest. If the market value of such obligations is not readily available, the Trustee shall determine the value of such obligations in any reasonable manner.

The Trustee may make any and all investments permitted by the provisions of the Indenture described under this caption through its own investment department or that of its affiliates. As and when any amount invested pursuant to the Indenture may be needed for disbursement, the Trustee may cause a sufficient amount of such investments to be sold and reduced to cash to the credit of such funds. The Issuer acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of security transactions, the Issuer waives receipt of such confirmations. The Trustee shall furnish to the Issuer periodic statements which shall include detail of all investment transactions made by the Trustee.

***Earnings and Losses.*** Subject to the restrictions set forth in the Indenture, all capital gains, profits and interest earnings resulting from the investment of moneys in all Funds, including any Accounts thereof, shall be deposited into, and any loss of principal value resulting from the investment of moneys in any Fund or Account and any expenses incurred in making or disposing of investments shall be charged, when incurred, to the Fund or Account from which such investments were made.

***Letter of Credit and Drawings Thereunder.***

(a) The Letter of Credit shall be held by the Trustee and drawn upon in accordance with its terms consistent with the provisions of the Indenture, and specifically by such means and manner specified in the Letter of Credit as shall be sufficient to enable the Trustee to receive funds therefrom on or before the dates such funds are required for the purposes of the Indenture. Moneys derived from draws upon the Letter of Credit shall be deposited in the Letter of Credit Proceeds Account of the Debt Service Fund and held segregated from other funds, and applied by the Trustee to pay the principal of and interest on the Bonds, including upon any optional or mandatory redemption, or to pay the Purchase Price of Bonds tendered in accordance with the Indenture.

(b) The Trustee shall draw moneys under the Letter of Credit in accordance with the terms thereof in order to provide the moneys necessary to make timely payments of the principal of and interest on the Bonds (other than Bank Bonds) on each Interest Payment Date or redemption date, as applicable. Payments of principal of and interest on the Bonds shall be paid from the following sources in the following order of priority: (i) proceeds of draws on the Letter of Credit and (ii) in the event that the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has failed to honor a properly presented and conforming draw on the Letter of Credit, any other available Revenues paid to the Trustee; provided, that money received as draws on the Letter of Credit shall not be commingled with other money held under the Indenture.

In accordance with the preceding paragraph, the Trustee shall draw moneys under the Letter of Credit to make payments on the Bonds on the Interest Payment Date or the redemption date, as applicable, by 3:00 p.m. New York City time one Business Day prior to each Interest Payment Date (or any other date fixed for payment of the Bonds pursuant to the Indenture), in an amount which is sufficient to pay the principal of and/or interest becoming due and payable on the Bonds on such date.

(c) The Trustee shall draw on the Letter of Credit by 11:30 a.m. New York City time on each Demand Date, in an amount sufficient to pay the Purchase Price of any Bonds (other than Bank Bonds or Bonds owned by the Borrowers to the extent known by the Trustee) tendered or deemed tendered pursuant to the Indenture for which it has not received remarketing proceeds by 11:00 a.m. New York City time; provided, that in the case of a tender for a Substitute Letter of Credit or Alternate Credit Facility, such draw shall be made on the existing Credit Facility.

(d) If, on an Interest Payment Date or redemption date, the Trustee holds funds in the Debt Service Fund representing proceeds of a draw on the Letter of Credit that are not needed for the purpose of such draw, the Trustee shall promptly remit such funds to the Bank.

(e) The Trustee shall send to the Borrowers a copy or a summary of any documents which are presented to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) in connection with a drawing on the Letter of Credit concurrently with its submission of those documents to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank); provided, however, that failure or delay in so doing shall in no way affect the validity of such drawing on the Letter of Credit.

(f) If the Letter of Credit is extended, the Borrowers shall deliver to the Trustee the amended Letter of Credit showing the extension of the expiration date, no later than 15 calendar days prior to such regularly scheduled Interest Payment Date immediately preceding the expiration date of such Letter of Credit.

(g) Except as provided in paragraph (e) under the caption "Substitute Letter of Credit" below or in exchange for an Alternate Credit Facility or an extended or modified Letter of Credit, the Trustee shall not surrender the Letter of Credit to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) except upon termination of the Letter of Credit in accordance with its terms.

***Substitute Letter of Credit.***

(a) On any Business Day while the Bonds bear interest at a Variable Rate, on the Fixed Rate Conversion Date, upon receipt by the Trustee of written notice of an Act of Bankruptcy of Bank or a Determination of Unenforceability, or on the regularly scheduled Interest Payment Date immediately prior (but in no case less than five Business Days prior) to the stated expiration date of the Letter of Credit while the Bonds bear interest at a Fixed Rate, the Borrowers may, in accordance with the provisions of the Indenture described under this heading, provide the Trustee with a Substitute Letter of Credit meeting the requirements described under this heading. The Bonds shall be subject to mandatory tender as described in paragraph (f) below upon the substitution of the Letter of Credit.

(b) Any Substitute Letter of Credit must satisfy the following criteria:

(1) Any Substitute Letter of Credit shall be an irrevocable, transferable direct pay letter of credit of the Bank, or a Substitute Bank. On any date, the Substitute Letter of Credit shall be in an amount not less than the Coverage Amount. The Substitute Letter of Credit shall contain a provision permitting drawings thereunder to pay principal or Purchase Price of and interest on the Bonds on the scheduled dates for payment of such amounts or upon maturity, redemption or acceleration, shall provide for automatic reinstatement of the interest amount thereof following any drawing thereunder to pay interest on the Bonds, and shall be effective not later than the date of the scheduled expiration or termination of the then-effective Letter of Credit.

(2) While the Bonds bear interest at a Variable Rate, any Substitute Letter of Credit shall expire no earlier than one year from its issuance; provided, that the expiration date need not be longer than 15 days after the final maturity of the Bonds.

Upon or after Conversion to a Fixed Rate, any Substitute Letter of Credit shall expire no earlier than the soonest of:

(a) the expiration date of any then-existing Letter of Credit, or

(b) 15 days after the final maturity of the Bonds.

In addition, that expiration date of any Substitute Letter of Credit must, in any event, be at least 15 days after a scheduled Interest Payment Date.

(3) Any Substitute Letter of Credit shall provide for payment of principal of and interest on the Bonds upon an optional redemption pursuant to the Indenture if, during the term of such Substitute Letter of Credit, the Mortgage Note is subject to optional prepayment pursuant to the Loan Agreement.

(c) In connection with any Substitute Letter of Credit, the Borrowers shall deliver to the Trustee the documents required by paragraph (d) below no later than 15 days before the Substitution Date.

(d) Prior to accepting delivery of the Substitute Letter of Credit:

(1) the Trustee shall receive an opinion of Counsel to the effect that the Substitute Letter of Credit is the valid and binding obligation of the issuer thereof, enforceable against the issuer in accordance with its terms, except insofar as its enforceability may be limited by any insolvency or similar proceedings applicable to the issuer thereof or by proceedings affecting generally the rights of the issuer's creditors;

(2) the Trustee shall receive written evidence from the Rating Agency that issuance of the Substitute Letter of Credit will not result in a rating on the Bonds of less than the third highest rating category of the Rating Agency; provided, that the Executive Director of the Issuer may, by his written consent and in his sole discretion, permit the Bonds to receive a rating lower than the third highest rating category of the Rating Agency if such lower rating is not lower than the rating on the Bonds prior to the substitution; and

(3) the Trustee, the Issuer and the Remarketing Agent shall receive an opinion of Bond Counsel to the effect that provision of such Substitute Letter of Credit will not cause the interest on the Bonds to be included in gross income under federal tax law.

(e) Simultaneously with accepting delivery of the Substitute Letter of Credit and after payment by the Bank of all outstanding draws on the expiring or terminating Letter of Credit, the Trustee shall deliver the then expiring or terminating Letter of Credit to the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank).

(f) The Bonds shall be subject to mandatory tender in whole on the effective date of any Substitute Letter of Credit or Alternate Credit Facility (the "Substitution Date"). See "THE BONDS—Mandatory Tender on Substitution of Letter of Credit" herein. The Trustee shall give written notice of the substitution of the Letter of Credit to all Owners, by first-class mail, postage prepaid, no later than ten days prior to the Substitution Date. Such notice shall (1) specify the Substitution Date, (2) identify the issuer of the Substitute Letter of Credit or Alternate Credit Facility, (3) state that from and after the Substitution Date the Bonds held by the Registered Owner will cease to bear interest, (4) state that all of the Bonds are subject to mandatory tender on the Substitution Date for purchase at the Purchase Price and that any Bonds not delivered to the Trustee on the Substitution Date will be deemed to have been delivered on such Substitution Date and shall be available for purchase. Any Bond not tendered for purchase on the Substitution Date shall be deemed to have been tendered for purchase, and shall cease to accrue interest on such date.

***Alternate Credit Facility.*** The Borrowers may, at the times described in paragraph (a) under the heading "Substitute Letter of Credit" above, provide the Trustee with an Alternate Credit Facility meeting the applicable requirements (except that it need not be in the form of a letter of credit) described under the heading "Substitute Letter of Credit" above with respect to a Substitute Letter of Credit provided pursuant to the Indenture.

The Trustee is authorized to enter into a Supplemental Indenture in accordance with the Indenture to provide for the substitution of such Credit Facility.

***Defaults.*** Each of the following events will constitute an "Event of Default" under the Indenture:

(a) Failure to make payment of any installment of interest upon any Bond when the same shall have become due and payable;

(b) Failure to make due and punctual payment of the principal or Purchase Price or premium, if any, on any Bond when the same shall have become due and payable, whether at the

stated maturity thereof, upon proceedings for redemption thereof, upon the maturity thereof by declaration or on any Demand Date;

(c) Any material representation or warranty made by the Issuer in the Indenture or the Bonds is determined by the Trustee to have been untrue when made;

(d) The Trustee shall have received written notice from the Bank that an Event of Default, under and as defined in the Reimbursement Agreement, shall have occurred and be continuing; or

(e) Any failure by the Issuer to observe and perform any covenant, condition or agreement on its part to be observed and performed under the Indenture or the Bonds, other than as referred to in (a) or (b) above, continues for a period of 60 days after written notice specifying such breach or failure and requesting that it be remedied, given to the Issuer, the Borrowers and the Bondowners by the Trustee or to the Issuer, the Borrowers and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, unless (i) the Trustee agrees in writing to an extension of such time prior to its expiration or (ii) if the breach or failure be such that it cannot be corrected within the applicable period, corrective action is instituted by the Issuer, or by the Borrowers, if such action can be taken by the Borrowers, within the applicable period and is being diligently pursued.

***Acceleration of Maturities.*** Upon the occurrence of an Event of Default described in paragraph (a), (b) or (d) under the heading "Defaults" above, the Trustee shall, subject to the provisions of the Indenture described under the headings "Waivers of Events of Default" and "Limitation" below, notify Bondowners and declare the aggregate principal amount of the Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; provided, that interest on such accelerated Bonds will cease to accrue upon declaration of acceleration.

Upon the occurrence of an Event of Default described in paragraph (c) or (e) under the heading "Defaults" above and so long as such event is continuing, subject to the provisions of the Indenture described under the headings "Waivers of Events of Default" and "Limitation" below, the Trustee may, and upon receipt of notice given by the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding or by the Bank shall, declare the aggregate principal amount of the Bonds then Outstanding and the interest accrued thereon (to the date fixed for payment of such principal) immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

If the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) issuing the Letter of Credit or Substitute Letter of Credit is the Trustee or a corporate affiliate of the Trustee, upon an Event of Default described in paragraph (a), (b) or (c) under the heading "Defaults" above, so long as the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has not failed to honor any properly presented and conforming draw on the Letter of Credit, said Bank shall be solely entitled to direct in writing the acceleration of the maturity of the Bonds, and the Trustee shall have no discretion with respect thereto; provided, however, the foregoing shall not affect or restrict the ability of the Trustee to draw on the Letter of Credit to redeem the Bonds in accordance with the Indenture.

After acceleration, the Trustee shall draw on the Letter of Credit as provided below and take such action as is necessary to pay the Bonds out of the proceeds of such draw on the Letter of Credit no later than the second ($2^{nd}$) Business Day prior to the termination of the Letter of Credit after providing the Bondowners with a notice of acceleration in the manner provided for a notice of redemption in the

Indenture. The amount drawn under the Letter of Credit shall equal the aggregate unpaid principal and interest on the Outstanding Bonds to the payment date fixed by the Trustee for payment of the Bonds. In the event such draw on the Letter of Credit is not so honored, the Trustee shall, subject to the Indenture, take action as may be reasonable under the circumstances to recover from the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) the amounts necessary to pay the Bonds. Subject to the Indenture, the Trustee also shall take whatever additional action at law or in equity may appear necessary or desirable to the Trustee to collect the moneys necessary to pay the Bonds.

If the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) honors the Trustee's request to draw upon the Letter of Credit after an acceleration of the maturity of the Bonds, the Trustee shall (1) execute such documents reasonably required by the Bank to assign all of its right, title and interest in the Mortgage Note and the Deed of Trust to the Bank, whereupon neither the Issuer nor the Trustee shall have any further interest in the Mortgage Note or the Deed of Trust and (2) transfer to the Bank all moneys then on deposit in all of the Funds, except any amounts held in the Rebate Fund and the Cost of Issuance Fund, amounts drawn on the Letter of Credit to be applied to the payment of the Bonds, or moneys for fees and expenses due to the Issuer or the Trustee.

The provisions of the Indenture described under this heading and under the heading "Defaults" above are subject to the conditions that if, after the principal of all Bonds then Outstanding shall have been so declared to be due and payable and prior to the Trustee's draw on the Letter of Credit referred to above, all arrears of interest upon such Bonds, and interest on overdue installments of interest (to the extent permitted by law) other than by acceleration at the rates of interest then in effect on the Bonds, and the principal of all Bonds then Outstanding which shall have become due and payable other than by acceleration, and all other sums payable under the Indenture, except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable, shall have been paid by or on behalf of the Issuer together with the reasonable fees and expenses of the Trustee, the Issuer and the Bondowners, including reasonable attorneys' fees and expenses paid or incurred, then and in every such case, but only upon receipt by the Trustee of the express written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall annul such declaration of maturity and its consequences, which waiver and annulment shall be binding upon all Bondowners; provided, that such waiver, rescission and annulment shall not extend to or affect any subsequent default or impair any right or remedy consequent thereon. In the case of any such annulment, the Bank, the Issuer, the Trustee, the Borrowers and the Bondowners shall be restored to their former positions and rights under the Indenture. Prior to any such annulment or waiver, the Letter of Credit or an Alternate Credit Facility in the Coverage Amount must be in full force and effect.

Nothing described under this heading, however, shall be construed to allow the Trustee to permit its rights, on behalf of the Bondowners, under the Letter of Credit, to be reduced, to lapse or otherwise to be extinguished.

***Remedies; Rights of Bondowners.*** In addition to the remedies described under the heading "Acceleration of Maturities" above and subject to the provisions of the Indenture, the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceedings upon the occurrence of an Event of Default, to enforce the payment of the principal and the Purchase Price of and interest on the Bonds then Outstanding, and to enforce and compel the performance of the duties and obligations of the Issuer as set forth in the Indenture. Subject to the Indenture which limits the authority of the Issuer to exercise its remedies under the Deed of Trust, the Trustee may, upon notice to the Issuer, the Bank and the Borrowers, but without the consent of the Issuer, the Bank or the Borrowers, exercise any and all remedies afforded the Issuer under any Mortgage Loan Documents or, in its discretion at the request of the Issuer and upon satisfactory indemnification being provided for its fees and costs, the Regulatory Agreement in its name or the name of the Issuer without the necessity of joining the Issuer.

Notwithstanding anything to the contrary, the Trustee shall not be required to foreclose the Deed of Trust or to bid at any foreclosure sale if, in the Trustee's reasonable judgment, such action would subject it to personal liability, expense, or loss, including the cost of investigation, removal, or other remedial action with respect to the environmental condition of the Project. The Trustee shall not be required to take any action with respect to the Project that could cause it to be considered an "owner" or "operator" within the meaning of the CERCLA, as amended, or any other statute dealing with hazardous substances; and the Trustee shall have no authority to manage or operate the Project, except as necessary to exercise remedies upon default.

Subject to the provisions described under the headings "Right of Bondowners to Direct Proceedings" and "Limitation" below, if an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding, and the Trustee shall have been indemnified to its satisfaction as provided in the Indenture, the Trustee may exercise such one or more of the rights and powers conferred by the provisions of the Indenture described under this heading and under the heading "Acceleration of Maturities" above as the Trustee in its discretion being advised by its Counsel deems most expedient in the interests of the Bondowners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondowners) is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondowners under the Indenture or existing at law or in equity or by statute as of or after the date of the Indenture.

No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Bondowners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

***Right of Bondowners to Direct Proceedings.*** Except as otherwise provided under the headings "Waivers of Events of Default" and "Limitation" below, and upon and subject to the Trustee's right to indemnification pursuant to the Indenture, the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding have the right, at any time there is an Event of Default as described under the heading "Defaults" above, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and that the Trustee has the right to decline to follow any such direction if the Trustee is advised by Counsel that the action or proceeding so directed may not be taken lawfully, or if the Trustee in good faith determines that the action or proceeding so directed would involve the Trustee in personal liability or would be materially adverse to the interests of non-directing Bondowners, and the Trustee may conclusively rely upon such opinion of Counsel.

***Application of Moneys.*** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture relating to defaults and remedies, after payment to the Trustee of its fees and expenses then due and owing and its reasonable expenses and attorneys' fees incurred in exercising its rights and remedies under the provisions of the Indenture relating to defaults and remedies, shall be transferred, to the extent necessary to pay the principal of and interest on all Outstanding Bonds,

to the Debt Service Fund, with such moneys to be deposited in the Accounts thereof in the order provided therein; provided that all funds drawn under the Letter of Credit, all Seasoned Funds (after notice of redemption) and all remarketing proceeds shall be used only to pay the principal or Purchase Price of or, premium, if any, and interest on Bonds. Nothing in the Indenture shall be construed to relieve the Borrowers of any obligation to pay fees and expenses as provided in the Indenture and the Loan Agreement.

***Remedies Vested in the Trustee.*** All rights of action (including the right to file proofs of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Bondowners, and any recovery or judgment shall be for the equal and ratable benefit of the Owners of the Outstanding Bonds.

***Limitation on Rights and Remedies of Bondowners.*** No Bondowner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture unless (1) an Event of Default has occurred of which the Trustee has been notified, (2) the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee, shall have offered the Trustee reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and shall have offered to the Trustee indemnity satisfactory to the Trustee as provided in the Indenture, and (3) the Trustee shall for a period of 60 days thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name as Trustee; and such notification, request and offer of opportunity and indemnity are declared in every case to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture. No one or more Bondowners shall have any right in any manner whatsoever to enforce any right under the Indenture except in the manner provided in the Indenture, and all proceedings at law or in equity must be instituted, had and maintained in the manner provided in the Indenture and for the equal and ratable benefit of the Owners of all Bonds then Outstanding. Nothing in the Indenture shall, however, affect or impair the right of any Bondowner to enforce the payment of the principal and Purchase Price of, and premium, if any, and interest on, any Bonds at and after the maturity thereof.

***Termination of Proceedings.*** In case the Trustee has proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceeding is discontinued or abandoned for any reason, or is determined adversely to the Trustee, then and in every such case the Issuer, the Trustee and the Bondowners shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

***Waivers of Events of Default.*** The Trustee may, in its discretion, waive any Event of Default under the Indenture and rescind its consequences and shall do so upon the written direction of the Bank or written direction of the Owners of not less than a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that there shall not be waived (a) any Event of Default described in paragraph (d) under the caption "Defaults" above without the consent of the Bank and unless the Bank has revoked or rescinded the Event of Default under the Reimbursement Agreement, (b) any Event of Default in the payment of the principal or Purchase Price of any Outstanding Bonds when due (whether at maturity or by redemption or as a result of acceleration) or (c) any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver and rescission with respect to the

foregoing clauses (a) and (b) only, all arrears of interest and all arrears of principal and Purchase Price when due, as the case may be, together, in either case, with the moneys due and owing to the Trustee, including reasonable attorneys' fees paid or incurred, shall have been paid or provided for, and the Owners of all Bonds then Outstanding approve such waiver. Notwithstanding any provisions of the Indenture to the contrary, any declaration described under the heading "Acceleration of Maturities" above made at the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall not be waived except as they may be annulled as described under the heading "Acceleration of Maturities" above. In the case of any such waiver and rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Issuer, the Trustee and the Owners shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver and rescission shall extend to any subsequent or other default, or impair any right consequent thereon. All waivers under the Indenture shall be in writing and a copy thereof shall be delivered to the Issuer and to the Bank. Prior to any such waiver, the Letter of Credit must be reinstated or be in full force and effect with respect to the Coverage Amount.

***Limitation.*** Notwithstanding anything to the contrary in the Indenture, neither the Trustee, the Issuer nor the Bondowners shall, without the prior written consent of the Bank, take any action to accelerate the Bonds under the provisions of the Indenture relating to defaults and remedies or exercise any remedies under the Deed of Trust so long as the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has not failed to honor any properly presented and conforming draw on the Letter of Credit.

***Appointment and Duties; Successor Trustee.***

(a) In the Indenture, the Issuer will appoint [_____], as Trustee, Bond Registrar and paying agent and designates the Principal Office of the Trustee as the principal place of payment for the Bonds. Furthermore, any rights or protections afforded to the Trustee under the Indenture apply to the Trustee when acting as Bond Registrar or paying agent under the Indenture or as agent under the Loan Agreement. Notwithstanding any other provision of the Indenture, the Loan Agreement, the Deed of Trust or the Regulatory Agreement, the Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture, the Loan Agreement and the Regulatory Agreement, and no implied covenants or obligations of the Trustee shall be read into the Indenture, the Loan Agreement, the Deed of Trust or the Regulatory Agreement. Subject to the Indenture, the Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Issuer may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with paragraph (e) under this heading, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation; in each case by giving written notice of such removal to the Trustee, the Borrowers, the Remarketing Agent and the Bank, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Issuer, the Borrowers, the Remarketing Agent and the Bank, by registered or certified mail or courier service. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee and transfer of the Letter of Credit or Alternate Credit Facility to the successor Trustee; provided, that such transfer shall be in accordance with the terms of the Letter of Credit or Alternate Credit Facility. Promptly upon such acceptance, the Issuer shall give notice thereof to the Registered Owners by first-class mail postage prepaid, and to the Borrowers, the Remarketing Agent and the Bank by registered or certified mail or courier service. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the incumbent Trustee, the Bank, the Borrowers or any Bondowner (on behalf of himself and all other Bondowners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Issuer and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the request of the Issuer or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations.

(e) Any Trustee appointed under the provisions described under this heading in succession to the Trustee shall be a trust company, national banking association, or a commercial bank, having experience with transactions similar to those described in the Indenture, and subject to supervision or examination by federal or state authority with respect to its responsibilities as trustee. If such national banking association, trust company or commercial bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the provisions of the Indenture described under his heading the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions described in this paragraph, the Trustee shall resign immediately in the manner and with the effect described under this heading. The Trustee shall cooperate fully in the transfer to a successor Trustee and shall promptly deliver to such successor all records and documents held by the Trustee with regard to the Trustee's obligations under the Indenture and the Loan Agreement.

(f) Any company or national banking association into which the Trustee may be merged or converted or with which it may be consolidated or any company or national banking association resulting from any merger, conversion or consolidation to which it shall be a party or any company or national banking association to which the Trustee may sell or transfer all or substantially all of its corporate trust

business, provided such company shall be eligible under paragraph (e) above, shall be the successor to such Trustee without the execution or filing of any paper or further act, anything in the Indenture to the contrary notwithstanding.

(g) Before taking any action under the Indenture or the Mortgage Loan Documents or Deed of Trust (except for making all required payments to Bondowners when due to the extent sufficient funds are held by the Trustee under the Indenture, causing mandatory tender, mandatory redemption or acceleration of maturity of the Bonds as required in the Indenture, and drawing on the Letter of Credit in accordance with its terms and the Indenture), the Trustee may require that indemnity satisfactory to it be furnished, which indemnity shall include payment of its fees, extraordinary expenses, and reasonable attorneys' fees, and protection against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action. The Trustee shall be under no obligation to institute any suit, to take any proceeding under the Indenture, the Mortgage Loan Documents or the Deed of Trust to enter any appearance or in any way defend any suit in which it may be defendant, or to take any steps in the execution of the trusts created by the Indenture or in the enforcement of any rights and powers under the Indenture, or in the compliance with any covenant contained therein, until it has been satisfied that payment of all fees and expenses, outlays and reasonable counsel fees and other reasonable disbursements in connection therewith, and satisfactory indemnity against all risk and liability, have been provided for. However, the Trustee may begin suit, or appear in and defend any suit, or intervene, or do anything else in its judgment proper to be done by it as such Trustee, without assurance of reimbursement or indemnity. In all such cases Trustee shall be reimbursed or indemnified for all fees and expenses, liabilities, outlays and reasonable counsel fees and other reasonable disbursements properly incurred in connection therewith, unless such liability or disbursement is adjudicated to have resulted from the negligence or willful misconduct of the Trustee. If the Borrowers or Bondowners shall fail to make such reimbursement or indemnification, the Trustee may reimburse itself from any moneys in its possession under the provisions of the Indenture, subject only to the provisions of the Indenture.

(h) The Trustee's rights to receive compensation, reimbursement and indemnification of money due and owing under the Indenture shall survive the Trustee's resignation or removal, the payment of the Bonds and the defeasance of the Indenture.

(i) The Trustee may accept, hold, and draw upon Letters of Credit issued by itself or by any of its corporate affiliates to provide security and a source of payment for the Bonds. Further, the Trustee covenants that it shall at all times maintain adequate controls to manage any potential conflicting interest. Notwithstanding any other provision in the Indenture to the contrary, while the Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) issuing the Letter of Credit or Substitute Letter of Credit is the Trustee or any affiliate of the Trustee, and such Bank (or with respect to the Initial Letter of Credit, the Initial Letter of Credit Bank) has not failed to honor a properly presented draw on the Letter of Credit or Substitute Letter of Credit, the Trustee shall have no discretion with respect to the acceleration of the Bonds and shall do so only upon written direction of the Bank. If such affiliated bank shall fail at any time to honor a properly presented draw on the Letter of Credit, the Trustee shall immediately tender its resignation and take prompt steps to have a successor trustee appointed satisfying the requirements of paragraph (e) above.

***Amendments Requiring Consent of Bondowners.*** The Indenture and the rights and obligations of the Issuer, the Bondowners and the Trustee may be modified or amended at any time by a Supplemental Indenture which shall become effective when signed by the parties to the Indenture and the written consents of the Owners of 60% or more of the aggregate principal amount of Bonds Outstanding shall have been filed with the Trustee; provided, that if such modification or amendment will, by its terms, not take effect so long as any Bonds remain Outstanding, the consent of the Owners of such Bonds

shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds relating to the provisions of the Indenture described under his heading. No such modification or amendment shall (a) extend the fixed maturity of any Bond, or reduce the amount of principal thereof or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (b) reduce the aforesaid percentage of the aggregate principal amount of Bonds then Outstanding the consent of the Owners of which is required to effect any such modification or amendment, or (c) permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Bondowners of the lien created by the Indenture upon such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Bondowners of all of the Bonds then Outstanding. Notwithstanding the foregoing, the Indenture shall not be amended without the consent of the Bank, unless, in the opinion of Bond Counsel filed with the Trustee, the Borrowers, the Bank and the Issuer prior to the effective date of such amendment, such amendment is necessary to preserve the exemption from income taxation of interest on the Bonds.

If at any time the Issuer requests that the Trustee enter into any such Supplemental Indenture for any of the purposes allowed by the provisions of the Indenture described under his heading, the Trustee shall, at the request of the Issuer and upon being indemnified to its satisfaction with respect to costs, cause notice of the proposed execution of such Supplemental Indenture to be given in substantially the manner provided in the Indenture with respect to redemption of Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondowners. If, within 60 days or such longer period as shall be prescribed by the Issuer following the mailing of such notice, the Owners of 60% or more of the aggregate principal amount of Bonds then Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. The Issuer shall have the right to extend from time to time the period within which such consent and approval may be obtained from Bondowners.

***Amendments Not Requiring Consent of Bondowners.*** The Indenture and the rights and obligations of the Issuer, the Bondowners and the Trustee may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Bondowners, when signed by the parties to the Indenture and upon receipt of the consent of the Bank, which amendment shall become effective upon execution (or such later date as may be specified in such Supplemental Indenture), but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Issuer contained in the Indenture, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power reserved to or conferred upon the Issuer in the Indenture, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Bondowners;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Issuer may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Bondowners;

(c) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Bondowners;

(d) to modify, amend or supplement the Indenture in any other way which shall not materially adversely affect the interests of the Bondowners;

(e) to provide for a Substitute Letter of Credit or an Alternate Credit Facility meeting the requirements described under the headings "Substitute Letter of Credit" and "Alternate Credit Facility" above and that otherwise does not materially adversely affect the interests of the Bondowners;

(f) to provide for certificated bonds;

(g) to comply with state or federal securities laws;

(h) to provide for the Conversion of Bonds;

(i) to make any other amendment, including without limitation amendments which would otherwise be described under the heading "Amendments Requiring Consent of Bondowners" above, if such amendment will take effect on a Conversion Date or a Substitution Date following a mandatory tender of the Bonds, or if at least 30 days' notice of the amendment is given to Bondowners, and the Bondowners have the right to tender their Bonds for purchase pursuant to the Indenture; or

(j) to modify, amend or supplement the Indenture in any other way necessary to preserve the exemption of interest on the Bonds from federal income taxation.

***Trustee Consent; Required Opinion of Bond Counsel; Notice of Rating Agency.*** No amendment or supplement to the Indenture shall modify any of the rights or obligations of the Trustee without its written assent thereto. The Issuer and the Trustee shall not enter into or consent to any amendment, change or modification to the Indenture unless the Issuer, the Remarketing Agent and the Trustee have received an opinion of Bond Counsel to the effect that such amendment will comply with the provisions of the Indenture, not impair the exemption of the interest on the Bonds from federal income taxation, and, if applicable, will not materially adversely affect the interests of Bondowners. The Issuer, the Trustee, the Remarketing Agent, the Borrowers and the Bank may rely upon any such opinion of Bond Counsel. Prior to any amendment, change or modification to the Indenture, the Trustee shall notify the Rating Agency of the occurrence of such event.

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## THE LOAN AGREEMENT

*The following is a summary of certain provisions of the Loan Agreement. Such summary does not purport to be complete and reference is made to the actual document, available from the Trustee, for a complete statement of its provisions.*

***The Mortgage Loan.*** To provide funds for the Mortgage Loan, the Issuer has agreed to sell the Bonds and cause them to be delivered to the initial purchasers thereof and deposit the proceeds thereof with the Trustee in accordance with the Indenture. The Bonds represent draw down bonds which shall be drawn upon on each Draw Down Date in accordance with the Indenture. The Issuer has agreed to loan such amounts to such Borrowers as evidenced in the Loan Agreement and in the Mortgage Note. The Issuer has assigned the Mortgage Note to the Trustee in accordance with the Loan Agreement.

***Mortgage Loan Repayment.*** The Mortgage Loan shall be evidenced by the Mortgage Note, which Mortgage Note shall be executed and delivered by the Borrowers to the Trustee, as assignee of the Issuer under the Indenture, without recourse or warranty whatsoever. The Borrowers have agreed to pay to the Trustee the principal of, premium (if any) and interest on the Mortgage Note at the times, in the manner and in the amount set forth therein. To cause moneys to be available for the payment of principal and Purchase Price of and interest on the Bonds at all times that principal, Purchase Price and interest shall become due and payable pursuant to the Loan Agreement and the Indenture, the Borrowers have caused to be delivered to the Trustee the Initial Letter of Credit. To secure its obligations to repay the Mortgage Note, the Borrowers shall grant to the Trustee a security interest in the Project upon acquisition thereof pursuant to the terms of the Deed of Trust, and the Borrowers have agreed to the Trustee exercising all of its respective rights and remedies under the Deed of Trust upon the occurrence of an Event of Default under the Loan Agreement or thereunder, in accordance with its terms and subject to the provisions of the Indenture.

(a) Subject to the terms of the Loan Agreement, on each Interest Payment Date, the Borrowers shall pay, in repayment of the Mortgage Loan, to the Trustee for the account of the Issuer until such principal of, premium (if any) and interest on the Bonds shall have been paid or provision for payment has been made in accordance with the Indenture, in federal or other immediately available funds as provided in the Mortgage Note, an amount which will equal the sum of (i) the interest on the Bonds which is due on such Interest Payment Date and (ii) the principal of and premium, if any, on the Bonds due on such Interest Payment Date (whether at maturity, by prior redemption or otherwise).

Each Mortgage Note repayment as described under this heading shall at all times be sufficient to pay the total amount of interest, principal and premium, if any, payable on the Bonds on the applicable Interest Payment Date. If on any Interest Payment Date after the Trustee has drawn or attempted to draw moneys under the Letter of Credit in accordance with its terms, the amounts held by the Trustee in the Debt Service Fund are insufficient to make the required payments of interest, principal, and premium, if any, on the Bonds on such date as required by the terms of the Indenture, the Borrowers shall, upon receipt of a written request from the Trustee, forthwith pay such deficiency to the Trustee in immediately available funds for deposit in the Debt Service Fund, and such payments shall be credited against amounts owed under the Mortgage Note.

The Borrowers have authorized and directed the Trustee to draw funds under the Letter of Credit in accordance with the provisions of the Indenture, the Loan Agreement and thereof to the extent necessary to pay the interest on and principal of the Bonds when due. So long as the principal of and interest on the Bonds are paid by funds drawn under the Letter of Credit, the obligations of the Borrowers under the Loan Agreement to pay principal of and interest on the Mortgage Loan shall be deemed satisfied and discharged at such time; and to the extent that Seasoned Funds are applied by the Trustee to

the obligation to pay the redemption premium, if any, pursuant to the terms of the Indenture the obligations of the Borrowers under the Mortgage Note with respect to the payment of such premium shall be deemed satisfied and discharged at such time.

(b) The Borrowers shall pay all taxes and assessments, general or special, including, without limitation, all *ad valorem* taxes, concerning or in any way related to the Project, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments; provided, however, that the Borrowers reserve the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Project.

(c) The Borrowers shall pay (i) to the Trustee when due, the Trustee Fee, (ii) to the Issuer, or to the Trustee on behalf of the Issuer, when due, the Issuer Fee, (iii) all fees and costs incurred for the calculation of Rebate Amount, including the fees and expenses of the Rebate Analyst, as well as the Rebate Amount, if any, required to be paid to the United States of America, (iv) to the Issuer or the Trustee, the Rating Agency Surveillance Fee, if any, and (v) to the Remarketing Agent, its ongoing fees as remarketing agent as specified in the Remarketing Agreement.

(d) The Borrowers have further agreed that they will make available (by virtue of the Trustee's draws on the Letter of Credit), in a timely manner, moneys for the repurchase of all Bonds tendered for repurchase pursuant to the provisions of the Indenture. The Borrowers have authorized and directed the Trustee to draw moneys under the Letter of Credit for such purpose.

(e) If the Mortgage Note is prepaid in full pursuant to the Loan Agreement and a Regulatory Agreement is in full force and effect after such prepayment, the Borrowers shall pay to the Issuer, on the date of such prepayment, the amount due under the Regulatory Agreement, if any with respect to the Issuer Fee.

(f) The Borrowers shall pay to the Trustee, forthwith upon written notice from the Trustee, all costs and expenses reasonably incurred by the Trustee pursuant to clause (b) of the definition of Trustee Fee.

(g) Pursuant to the Indenture, the Borrowers may request a Conversion of the interest rate mode with respect to the Bonds. The Borrowers agree to deposit with the Trustee all costs to be incurred prior to the Conversion Date (as estimated by the Remarketing Agent) no later than 35 days prior to the Conversion Date. Interest earned on any investment of such moneys (as directed by the Borrowers in Permitted Investments) prior to expenditure shall accrue to the benefit of the Borrower. In the event the actual costs exceed the amount paid, the Borrowers shall pay such amounts immediately upon receipt of notice thereof by the Trustee.

(h) The Borrowers may provide a Substitute Letter of Credit or Alternate Credit Facility in accordance with the terms described under the headings "THE INDENTURE – Substitute Letter of Credit" and "– Alternate Credit Facility" above.

(i) The Borrowers shall pay all charges, costs, advances, indemnities and expenses, including agent and counsel fees of the Issuer incurred by the Issuer at any time in connection with the Bonds or the Project, including, without limitation, counsel fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of the Indenture, the Bonds or the Mortgage Loan Documents or any other documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit or post issuance examination of the Bonds. The Issuer agrees that it will notify the Borrowers of the receipt of audit communications from any state or federal agency and will execute any consent required in

order to permit the Borrowers to assume the primary communication and/or negotiation responsibility with any state or federal agency.

***Tax Exempt Status of Bonds; Arbitrage.***

It is the intention of the Borrowers and the Issuer that interest on the Bonds shall be and remain excluded from gross income of the owners of the Bonds under federal tax law, and to that end the covenants and agreements of the Issuer and the Borrowers contained in the Loan Agreement and described under this heading are for the benefit of each and every Owner of a Bond.

The Borrowers and the Issuer have covenanted and agreed that they have not taken or permitted to be taken and will not take or permit to be taken any action that will cause the interest on the Bonds to become included in gross income for federal tax purposes pursuant to the Code or to become "arbitrage bonds" within the meaning of Section 148 of the Code; provided that none of the covenants and agreements contained in the Loan Agreement shall require either the Borrowers or the Issuer to enter an appearance or intervene in any administrative, legislative or judicial proceeding in connection with any changes in applicable laws, rules or regulations or in connection with any decisions of any court or administrative agency or other governmental body affecting the taxation of interest on the Bonds; and provided further, that each party's responsibility as described under this paragraph shall be limited to actions within its control.

The Borrowers have agreed to pay, in accordance with paragraph (c) under the heading "Mortgage Loan Repayment" above, the costs of the calculation of the Rebate Amount and the Rebate Amount, if any, owing to the United States of America on the Bonds. The Trustee shall deposit and disburse Rebate Amounts so received in accordance with the Indenture.

The Borrowers have covenanted that they will not take any action, fail to take any action or make any use of the Project or the proceeds of the Bonds that would cause the interest on any of the Bonds to be or become includable in the gross income of such Bondowners for federal income tax purposes, other than substantial users.

Without limiting the generality of the foregoing, the Borrowers and the Issuer have covenanted and agreed that they will take such action or actions (including, without limitation, consenting and agreeing to amendments to the Indenture, Regulatory Agreement, Tax Certificate or the Loan Agreement, as may be necessary in the opinion of Bond Counsel), so that the Borrowers, all subsequent owners of the Project and the Project comply fully and continuously with Sections 142(d), 145 and 148 of the Code, as applicable, and with all applicable legislative enactments or applicable final decisions of courts of competent jurisdiction.

By virtue of the preceding agreement to comply with future laws or regulations, the Borrowers, the Trustee and the Issuer do not intend nor shall they be deemed to waive any rights or defenses they may have, individually or collectively, to contest the application of such laws or regulations to the Project on the grounds that such application would constitute a prohibited impairment of contract or on any other applicable grounds. Nevertheless, while contesting the application of any such laws or regulations, the Borrowers shall take such actions deemed necessary in the opinion of Bond Counsel to maintain the exclusion from gross income of interest on the Bonds.

In making the representations and agreements described under this heading, the Issuer is relying solely upon the representations and warranties of the Borrowers in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate. A default by the Borrowers in any of their covenants,

representations and agreements in the Loan Agreement, Regulatory Agreement or Tax Certificate upon which the Issuer is relying as described under this heading shall not be considered a default by the Issuer.

***Events of Default.*** Subject to the terms of the Loan Agreement described under the heading "Notice of Default; Opportunity to Cure" below, each of the following shall be an "Event of Default" under the Loan Agreement:

(a) the Borrowers shall fail to pay or cause to be paid amounts required to pay principal of, premium, if any, or interest on the Bonds or the Purchase Price upon a tender of Bonds on the dates required in paragraphs (a) or (d) under the heading "Mortgage Loan Repayment" above; or

(b) the Borrowers shall fail to pay certain taxes, assessments, fees, costs and expenses required to be paid to the Trustee under the Loan Agreement after five Business Days have elapsed from the delivery of written notice of such event has been sent by fax with hard copy promptly deposited in first class mail to the parties to the Loan Agreement; or

(c) the Borrowers shall fail to perform or observe any of its other obligations, covenants or agreements contained in the Loan Agreement, including a failure to repay any amounts which have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings; or

(d) an Event of Default shall occur under any Mortgage Loan Document other than the Loan Agreement; or

(e) the Trustee shall have received notice from the Bank that an "Event of Default," as such term is defined in the Reimbursement Agreement, has occurred under the Reimbursement Agreement; or

(f) any representation or warranty of the Borrowers shall be determined by the Trustee to have been materially false when made, or the Trustee has received notice from the Issuer of such determination.

***Notice of Default; Opportunity to Cure.*** No default described in paragraph (c), (d) or (f) under the heading "Events of Default" above shall constitute an Event of Default under the Loan Agreement until:

(a) The Trustee or the Issuer shall give notice to all parties to the Loan Agreement of such default specifying the same and stating that such notice is a "Notice of Default"; and

(b) The Borrowers shall have had 60 days after receipt of such notice to correct the default described in paragraph (c), (d) or (f) under the heading "Events of Default" above; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default under the Loan Agreement so long as (i) the applicable party institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, (ii) the Bank consents to such extension beyond the aforesaid 60-day period, and (iii) in the opinion of Bond Counsel, the failure to cure said default within such 60 days will not adversely affect the exemption from federal income taxation of interest on the Bonds.

***Remedies.*** Whenever any Event of Default described under the heading "Events of Default" above shall have happened and be continuing, the following remedial steps shall be taken, subject to the provisions described under the caption "Notice of Default; Opportunity to Cure" above:

(a) Immediately upon the occurrence of any Event of Default described in paragraph (a), (b) or (e) under the heading "Events of Default" above and immediately upon the request of the Issuer upon the occurrence of any Event of Default described in paragraph (c), (d) or (f) under the heading "Events of Default" above, the Trustee shall declare all amounts due under the Loan Agreement and the Mortgage Note to be immediately due and payable. If, however, the Trustee has, pursuant to the provisions described under the headings "THE INDENTURE – Waivers of Events of Default" and "– Limitation" above, waived an Event of Default as identified under the heading "THE INDENTURE – Defaults" above, the related Event of Default under the Loan Agreement shall not be deemed to be continuing and the Trustee shall not declare all amounts due under the Loan Agreement and the Mortgage Note immediately due and payable as a result of such related Event of Default under the Loan Agreement.

(b) Reserved.

(c) Notwithstanding anything in the Loan Agreement to the contrary, upon an Event of Default, and so long as the Bank has not failed to honor a properly presented and conforming draw on the Letter of Credit, the Trustee shall not accelerate the amounts owed under the Loan Agreement and the Mortgage Note unless it has been directed to do so by the Bank.

(d) Subject to the provisions of the Loan Agreement, the Trustee and the Issuer, at the written request or consent of the Trustee, shall take whatever action at law or in equity may appear necessary or desirable to collect the payments required to be made by the Borrowers under the Loan Agreement and the Mortgage Note, or to enforce performance and observance of any obligation or agreement of the Borrowers under the Mortgage Loan Documents, but in no event shall the Issuer or the Trustee be obligated to take any such action which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until indemnity satisfactory to it as described under the heading "THE INDENTURE – Appointment and Duties; Successor Trustee" above has been furnished.

Any amounts collected as payments made on the Mortgage Note, or applicable to such payments, and any other amounts which would be applicable to payment of principal of, premium, if any, and interest on the Bonds collected pursuant to action taken as described under this heading shall be applied in accordance with the provisions of the Indenture or, if the Bonds Outstanding have been deemed paid in accordance with the provisions of the Indenture, shall be paid as provided in the Indenture. Upon payment in full of all amounts owing under the Indenture, including all amounts owed to the Trustee, the Trustee shall give written notice to the Bank of such payment. Upon payment in full of all amounts owing under the Mortgage Loan Documents, including all fees and expenses of the Trustee and the Issuer, the Issuer shall transfer any remaining right, title or interest that it has in the Indenture, the Deed of Trust and the Mortgage Loan Documents to the Bank (or to the Borrowers if the Borrowers have paid all amounts owed to the Bank under the Reimbursement Agreement and any Loan Documents (as defined in the Reimbursement Agreement)), except the Issuer's and the Trustee's rights to be indemnified, as provided for therein and in the Loan Agreement.

## THE REGULATORY AGREEMENT

*The following is a summary of certain provisions of the Regulatory Agreement. Such summary does not purport to be complete and reference is made to the actual document, available from the Trustee, for a complete statement of its provisions.*

**Definitions Applicable to Regulatory Agreement**

The following definitions shall apply only to the summary of the Regulatory Agreement. Capitalized terms used in this summary of the Regulatory Agreement but not defined in the Regulatory Agreement shall have the meanings given above in this Appendix under "CERTAIN DEFINITIONS."

"Adjusted Income" means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the United States Housing Act of 1937, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

"Administrator" means the San Diego Housing Commission, or its designee, or any successor Administrator appointed by the Issuer.

"Affiliate" or "Affiliated Party" means (a) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) 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), (c) 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, and (d) 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.

"Affordable Rate Condominium" has the meaning given to the term "Affordable Rate Unit" in the Declaration, which includes 41 residential rental units that will be rented to qualified tenants at affordable rental rates more specifically set forth in the Regulatory Agreement.

"Area" means the Primary Metropolitan Statistical Area in which the Project is located, as promulgated by HUD.

"Authorized Borrower Representative" means any person who, at any time and from time to time, is designated as the Borrower's authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by the President and Chief Executive Officer of the managing general partner of the Borrower, which certificate may designate an alternate or alternates.

"Bond Issuance Date" has the same meaning as the term "Closing Date" in the Regulatory Agreement.

"CDLAC" means the California Debt Limit Allocation Committee.

"CDLAC Resolution" means Resolution No. 20-570 adopted by CDLAC on April 14, 2020, with respect to the Project, as such resolution may be modified or amended from time to time.

"Certificate of Continuing Program Compliance" means the certificate with respect to the Project to be filed by the Borrower with the Issuer and the Trustee pursuant to the Regulatory Agreement, which shall be substantially in the form attached as an exhibit to the Regulatory Agreement or in such other form as may be provided by the Administrator to the Borrower.

"City" means the City of San Diego, California.

"Closing Date" has the meaning given to such term in the Indenture.

"Costs of Issuance" shall have the meaning given to the term "Issuance Costs" in the Indenture.

"County" means the County of San Diego, California.

"DDA" means that certain Disposition and Development Agreement by and between the Successor Agency to the Redevelopment Agency of the City of San Diego and the Borrower, relating to the Project.

"Facilities" means the Affordable Rate Condominium and the Market Rate Condominium, including fixtures and equipment; and including the common areas in the building, parking, and functionally related and subordinate facilities, as well as any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to all or any part of such units, areas and facilities.

"Housing Act" means the United States Housing Act of 1937, as amended, or its successor.

"HUD" means the United States Department of Housing and Urban Development.

"Income Certification" means an Income Computation and Certification in the form attached as an exhibit to the Regulatory Agreement or in such other form as may be provided by the Administrator to the Borrower.

"Inducement Date" means July 30, 2019, the date of adoption of the Inducement Resolution.

"Inducement Resolution" means Resolution No. HA-1831 adopted by the Board of Commissioners of the Issuer on the Inducement Date indicating the Issuer's intention to issue bonds to finance the acquisition and construction by the Borrower of the Project.

"Issuer Fee" means, collectively, the fees payable by the Borrower to the Issuer as described in the Regulatory Agreement.

"Loan" means the loan made to the Borrower pursuant to the terms of the Loan Agreement to provide for the financing for a portion of the costs of the acquisition and construction by the Borrower of the Project.

"Low Income Tenants" means individuals or families (i) with an Adjusted Income that does not exceed sixty percent (60%) of the Median Income for the Area with adjustments for family size; and (ii) with an income that does not exceed the qualifying limits for low income families as established and amended from time to time pursuant to Section 8 of the Housing Act, or who otherwise qualify as lower income households as defined by Section 50079.5 of the California Health and Safety Code. If all the occupants of a unit are students (as defined under Section 151(c)(4) of the Code), no one of whom is

entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Low Income Tenants.

"Market Rate Condominium" has the meaning given to the term "Market Rate Unit 2" in the Declaration.

"Median Income for the Area" means the median income for the Area as most recently determined by the Secretary of the Treasury in a manner consistent with the determination of lower-income families and area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008, including adjustments for family size, or, if programs under said Section 8 are terminated, median income for the area determined under the method in effect immediately before such termination.

"Operating Agreement" means the Operating Agreement of the Market Rate Borrower as in effect on the Closing Date, and as it may thereafter be amended, modified, or restated from time to time.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Affordable Borrower as in effect on the Closing Date, and as it may thereafter be amended, modified or restated from time to time.

"Person" means an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

"Project Costs" means, 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 and construction of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, predevelopment interest expenses, 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 construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and Borrower's overhead and supervisors' fees and costs directly allocable to 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 interest accrued during construction and prior to the date of completion of the Project.

"Qualified Project Costs" means Project Costs that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during acquisition and construction of the Project shall be eligible to be a Qualified Project Cost as is so capitalizable and as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the construction of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed by an Affiliate (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing the Project (or any portion thereof or actual out-of-pocket supervisory cost incurred by such Affiliate (or any portion thereof) and (B) any overhead expenses incurred by the Affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition or construction of the Project or

payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds, such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the Project that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid). Notwithstanding the foregoing, "Qualified Project Costs" shall not include costs of issuance or costs related to the acquisition or construction of any office or commercial space not functionally related to the dwelling units in the Project.

"Qualified Project Period" means the period beginning on the first day on which at least ten percent (10%) of the dwelling units in the Project are first occupied, and ending on the later of (a) the first day on which no tax exempt private activity bond issued with respect to the Project is outstanding, (b) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates, (c) the date on which the Bonds are paid in full or extinguished, or (d) the date which is 55 years after the Bond Issuance Date (which 55 years may be reduced to no less than 15 years following the date on which at least fifty percent (50%) of units in the Project are first occupied, upon receipt of the written consents of the Issuer and CDLAC to such shortened term, which consents may be given in the sole discretion of the Issuer and CDLAC, respectively). For purposes of clause (a), the term "private activity bond" has the meaning contemplated in Section 142(d)(2)(A)(ii) of the Code.

"Registered Owner" or "Bondowner" or "owner" when used with respect to the Bonds, means the owner of the Bonds then outstanding under the Indenture, as shown on the registration books maintained by the Trustee pursuant to the Indenture.

"Regulations" means the income tax regulations promulgated by the United States Department of the Treasury pursuant to the Code from time to time.

"Security Instrument" means the Deed of Trust as defined in the Indenture.

"Site" means the parcel or parcels of real property described in an exhibit to the Regulatory Agreement, and all rights and appurtenances thereunto appertaining.

"Tax-Exempt" with respect to interest on any obligations of a state or local government, including the Bonds, means that such interest is excluded from gross income for federal income tax purposes from the owner thereof except for a "substantial user" or "related person" as defined in Section 147(a) of the Code; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax under the Code.

"Very Low Income Tenants" means individuals or families whose income does not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the Housing Act, or who otherwise qualify as very low income households as defined by Section 50105 of the California Health and Safety Code.

"Very Low Income Units" means the 41 dwelling units in the Affordable Rate Condominium designated for occupancy by Very Low Income Tenants pursuant to the Regulatory Agreement.

**Qualified Residential Rental Property**

The Borrower has acknowledged and agreed 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). The Issuer elects to have the Project meet the requirements of Section 142(d)(1)(A) of the Code and the Borrower elects and covenants that it shall comply with Section 142(d)(1)(A) of the Code. To that end, and for the term of the Regulatory Agreement, the Borrower represents, as of the date of the Regulatory Agreement, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, developed and constructed for the purpose of providing multifamily residential rental property, including certain facilities related thereto, 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 (which may be a countertop cooking range), refrigerator and sink.

(c) None of the residential dwelling units in the Project will at any time be used on a transient basis (e.g., subject to leases that are less than thirty (30) days duration) (including use as a corporate suite), or 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.

(d) Except to the extent the Project has already been subdivided pursuant to and as specified in the Declaration, no part of the Project will at any time be owned 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 during the Qualified Project Period. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Bureau of Real Estate, the Borrower shall not take any steps in connection with a conversion of the Project to a condominium ownership except with the prior written opinion of Tax Counsel that the interest on the Bonds will not become taxable thereby under Section 103 of the Code during the Qualified Project Period.

(e) All of the residential dwelling units in the Project 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 residential dwelling units in the Project, except to the extent required by (i) the Regulatory Agreement, (ii) any regulatory or restrictive use agreement to which the Project is subject pursuant to Section 42 of the Code, (iii) any additional tenant income and rent restrictions imposed by any other federal, State or local governmental agencies, and (iv) any other legal or contractual requirement not excepted by clauses (i) through (ii) of this

paragraph, upon receipt by the Borrower, the Trustee and the Issuer of an opinion of Tax Counsel to the effect that compliance with such other requirement will not adversely affect the Tax-Exempt status of interest on the Bonds.

(f) No residential dwelling unit in the Project shall be occupied by the Borrower. Notwithstanding the foregoing, if the Project contains five (5) or more residential dwelling units, the provisions described under this heading shall not be construed to prohibit occupancy of residential dwelling units by one or more resident managers or maintenance personnel any of whom may be the Borrower; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of residential dwelling units in the Project.

(g) The Borrower shall not discriminate on the basis of race, creed, religion, color, sex, source of income (e.g., TANF, Section 8 or SSI), physical disability (including HIV/AIDS), age, national origin, ancestry, marital or domestic partner status, sexual preference or gender identity in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the construction, operation and management of the Project, except to the extent required by the Regulatory Agreement.

(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 assignment of the fee interest in the Project in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer 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 Loan or, if permitted under the provisions of the Security Instrument and the Indenture, as applicable, the Borrower 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 agrees to maintain the Project, or cause the Project to be maintained, during the term of the Regulatory Agreement (i) in a reasonably safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof such that the Project shall be in substantially the same condition at all times as the condition it is in at the time of the completion of the construction of the Project with the proceeds of the Loan, ordinary wear and tear excepted. Notwithstanding the foregoing, the Borrower's obligation to repair or rebuild the Project in the event of casualty or condemnation shall be subject to the terms of the Loan Agreement and the Security Instrument.

(j) The Project shall consist of 82 residential dwelling units.

The Issuer has elected to have the Project meet the requirements of Section 142(d)(1)(A) of the Code.

**Restricted Units**

Pursuant to the requirements of Section 142(d) of the Code, the Borrower has represented, as of the date of the Regulatory Agreement, and has warranted, covenanted and agreed as follows:

(a) During the Qualified Project Period:

(i) Not less than twenty percent (20%) of the completed dwelling units in the Project shall be designated as Very Low Income Units (which at all times during the Qualified Project Period shall consist of the 41 residential rental units in the Affordable Rate Condominium) and shall be occupied, or held vacant and available for occupancy, by Very Low Income Tenants. For clarity, none of the dwelling units in the Market Rate Condominium shall be designated as Very Low Income Units.

(ii) Very Low Income Units shall remain available on a priority basis for occupancy by Very Low Income Tenants. 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 paragraph (c) below demonstrates that such tenant no longer qualifies as a Very Low Income Tenant and thereafter any residential unit in the Affordable Rate Condominium 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.

(b) Immediately prior to a Very Low Income Tenant's occupancy of a Very Low Income Unit, the Affordable Borrower will obtain and maintain on file an Income Certification form from each Very Low Income Tenant occupying a Very Low Income Unit, dated immediately prior to the initial occupancy of such Very Low Income Tenant in the Project. In addition, the Affordable Borrower will provide such further information as may be required in the future by the State of California, the Issuer and by 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 promulgated, proposed or made by the United States Department of the Treasury or the Internal Revenue Service as of or after the date of the Regulatory Agreement with respect to obligations issued under Section 142(d) of the Code. The Affordable 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 pay stub for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) conduct a credit report or similar search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification.

Copies of the most recent Income Certifications for Very Low Income Tenants commencing or continuing occupancy of a Very Low Income Unit shall be attached to the reports to be filed with the Administrator pursuant to paragraph (f) below.

(c) On or about the date which is one year after the first day of the Qualified Project Period (the "First Recertification Date"), and on or about each one year anniversary of the First Recertification Date during the Qualified Project Period, the Affordable 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 applicable 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 a Very Low Income Tenant, and the Affordable Borrower will rent the next

available unit of comparable or smaller size in the Affordable Rate Condominium to one or more Very Low Income Tenants, and will not rent any such unit to tenants who are not Very Low Income Tenants. No tenant in the Affordable Rate Condominium shall be denied continued occupancy in the Affordable Rate Condominium because, after occupancy, such tenant's household income increases such that the income for such household will no longer qualify such household as Very Low Income Tenants. An "available" unit is one that is unoccupied by a tenant. The Affordable Borrower shall notify any Very Low Income Tenant, of any determination that they no longer qualify as a Very Low Income Tenant, and of any rent increase as a result thereof not less than sixty (60) days prior to any such rent increases.

(d) The Affordable 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, and continuing for so long as is required under the Code, the Annual Certification of a Residential Rental Project (or such other form as required by the Secretary of the Treasury) and shall provide a copy of such certification to the Issuer, the Trustee and the Administrator, if any, so as to comply with Section 142(d)(7) of the Code.

(e) The Affordable Borrower will maintain complete and accurate records pertaining to the Very Low Income Units, and will permit (upon reasonable notice and during business hours) any duly authorized representative of the Administrator, the Issuer, the Trustee, the United States Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Affordable Borrower pertaining to the Project, including those records pertaining to the occupancy of the Very Low Income Units.

(f) The Affordable Borrower will prepare and submit to the Issuer, the Trustee and the Administrator, if any, on or before each anniversary of the Closing Date (or such other date each year as the Issuer or the Administrator shall advise the Affordable Borrower in writing) during the Qualified Project Period, a written certificate of compliance, in the form attached as an exhibit to the Regulatory Agreement, executed by the Affordable Borrower stating (i) the percentage of the dwelling units of the Affordable Rate Condominium which were occupied or deemed occupied, pursuant to paragraph (a) above, by Very Low Income Tenants during the period since the last Certificate of Continuing Program Compliance (or the date of first occupancy of the Project if it is the first Certificate of Continuing Program Compliance), and (ii) that either (A) no unremedied default has occurred under the Regulatory Agreement or (B) a default has occurred, in which event the certificate shall describe the nature of the default and set forth the measures being taken by the Affordable Borrower to remedy such default.

(g) The Affordable Borrower shall accept Very Low Income Tenants as tenants on the same basis as all other prospective tenants, including 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 Affordable 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 and the Affordable Borrower shall not refuse to rent to any Very Low Income Tenant on the basis of household size as long as such household size does not exceed three persons for a one bedroom unit, five persons for a two bedroom unit, seven persons for a three bedroom unit and nine persons for a four bedroom unit. The Affordable Borrower shall not collect any additional fees or payments from a Very Low Income Tenant except security deposits or other deposits required of all tenants. The Affordable Borrower shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of private market practice, or in excess of amounts charged by the Affordable Borrower to unassisted tenants. The Affordable Borrower shall not discriminate against Very Low Income

Tenant applicants on the basis of source of income (e.g., TANF or SSI), and the Affordable 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 a Very Low Income Tenant can show that the same percentage or more of the tenant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Very Low Income Unit to be occupied provided that such Very Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Very Low Income Unit shall contain a provision to the effect that the Affordable Borrower has relied on the income certification and supporting information supplied by the Very Low Income Tenant in determining qualification for occupancy of the Very Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease may also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to paragraph (c) above may at the option of the Affordable Borrower disqualify the unit as a Very Low Income Unit or provide grounds for termination of the lease.

**Additional Requirements of the Issuer**

In addition to the requirements set forth above and to the extent not prohibited thereby, the Borrower has agreed to comply with each of the requirements of the Issuer described under this heading, as follows:

(a) Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Loan Agreement, throughout the term of the Regulatory Agreement, the Borrower shall continue to pay to the Issuer its administrative fee described in the second succeeding sentence, and to the Issuer and to the Trustee reasonable compensation for any services rendered by either of them under the Regulatory Agreement and reimbursement for all expenses reasonably incurred by either of them in connection therewith.

The Borrower agrees to pay to the Issuer (a) on the Closing Date, the Issuer's up-front administrative fee in the amount of $60,000, which amount is equal to 0.250% of the maximum aggregate principal amount of the Bonds ($24,000,000*) and (b) commencing on the first anniversary of the Closing Date and continuing on each anniversary of the Closing Date throughout the Qualified Project Period, the annual ongoing Issuer's administrative fee (the "Ongoing Administrative Fee"), which amount shall be payable annually in arrears, as follows: (i) prior to the date of conversion to permanent financing (the "Conversion Date"), 0.125% per annum of the maximum authorized principal amount of the Bonds as of the Closing Date and (ii) commencing with the first anniversary of the Closing Date occurring after the Conversion Date, and thereafter on each subsequent anniversary of the Closing Date, an amount equal to 0.125% of the outstanding principal amount of the Bonds following any partial repayment of principal of the Bonds on the Conversion Date, provided however, that the Ongoing Administrative Fee will in no event be less than $10,000 and that no further reduction in the Ongoing Administrative Fee shall be made following the Conversion Date. In addition, the Borrower agrees to pay, within 30 days after receipt of request for payment thereof, all reasonable out-of-pocket expenses of the Issuer (excluding salaries and wages of Issuer employees) related to the Bonds, the Project and the

* Preliminary; subject to change.

financing thereof, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds.

The fees of the Issuer referenced under this heading shall in no way limit amounts payable by the Borrower as described under the heading "Indemnification" below, or otherwise arising in connection with the Issuer's or Trustee's enforcement of the provisions of the Regulatory Agreement, but the Issuer does agree to compensate any third party Administrator appointed by it from its annual administrative fees for the ordinary duties of the Administrator under the Regulatory Agreement. In addition to the foregoing, the Borrower shall pay to the Issuer, promptly following a written demand from the Issuer to the Borrower therefore, any out-of-pocket expenses of the Issuer incurred in connection with the administration of any of the Mortgage Loan Documents (as defined in the Indenture) or the Loan Agreement.

In the event that the Bonds are prepaid in part or in full prior to the end of the term of the Regulatory Agreement other than (i) by means of refunding bonds issued by the Issuer to refund the Bonds, or (ii) in connection with a foreclosure or deed in lieu of foreclosure, and transfer of title to the Project other than to the Borrower or any party related to the Borrower; the Issuer's Ongoing Administrative Fee for the remainder of the term of the Regulatory Agreement, at the option of the Issuer, shall be paid by the Borrower at the time of the prepayment of the Bonds and shall be a lump sum amount equal to the present value (based on a discount rate equal to the yield on the Bonds, as determined by the Issuer at the time of prepayment) of the Issuer's fee, calculated based on the principal amount of Bonds outstanding immediately preceding such prepayment, for the number of years remaining under the Regulatory Agreement.

*Occupancy Monitoring Fee*. Separately from, and in addition to, the annual Ongoing Administrative Fee, the Owner will pay to the Issuer an annual occupancy monitoring fee (the "Occupancy Monitoring Fee") for the greater of: (a) 41 units at an initial amount of $150/unit for a total of $6,150 or (b) the total number of units monitored by the Issuer. The Occupancy Monitoring Fee is subject to annual adjustment set forth in schedules promulgated by the Issuer from time to time. The Owner agrees to pay the Issuer an initial monitoring fee in the amount set forth in schedules promulgated by Issuer from time to time.

Notwithstanding the foregoing provisions described under this heading, in no event shall the fees payable to the Issuer as described under this heading exceed any applicable limitation imposed by the Code in respect of bonds issued under Section 148 of the Code.

(b) All tenant lists, applications and waiting lists relating to the Affordable Rate Condominium shall at all times be kept separate and identifiable from any other business of the Affordable Borrower and shall be maintained as required by the Administrator, the Issuer or the Trustee, in a reasonable condition for proper audit and subject to examination, upon reasonable notice, during business hours by representatives of the Administrator, the Issuer and the Trustee.

(c) The Borrower shall submit to the Administrator within fifteen (15) Business Days (as defined in the Indenture) after receipt of a written request, any information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State.

(d) The covenants and conditions of the Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(e) The Borrower acknowledges that the Issuer may act as Administrator itself or may appoint an Administrator other than the initial Administrator to administer the Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements thereof. In such event, the Borrower shall comply with any request by the Issuer to deliver to any such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant to the Regulatory Agreement, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Issuer. The fees and charges of the Administrator, if any, shall be the responsibility of the Issuer and not the Borrower.

(f) The Very Low Income Units (i) shall have characteristics comparable to all other units in the Project with the same number of bedrooms, including with respect to floor area and amenities, (ii) shall be distributed throughout the Project, and (iii) shall have the same access to Project facilities as all other units in the Project.

(g) In accordance with the Issuer's Policy for Multifamily Mortgage Revenue Bond Program, notwithstanding the termination of the Qualified Project Period or the provisions of the Regulatory Agreement, the rent of "in-place" Very Low Income Tenants at the conclusion of the Qualified Project Period will continue to be governed by the applicable affordability restrictions in the Regulatory Agreement, so long as those tenants continue to live in the Project.

(h) The Borrower will comply with the following post issuance compliance procedures of the Issuer:

(i) At the completion of the construction of the Project, the Borrower shall provide to the Administrator a certification from the Borrower's architect (or other appropriate representative acceptable to the Issuer, such as a HERS Rater, GreenPoint Rater, energy consultant, etc.) for the Project to the effect that the Project includes all design elements that formed the basis for CDLAC adopting the CDLAC Resolution (including but not limited to sustainable building methods and/or energy efficiency elements).

(ii) Subject to the provisions of the next paragraph, the Administrator shall have the right to approve any voluntary change in ownership (A) that results in a transfer of 50% or more of the total equity interests in the Borrower, or (B) that results in a transfer of any general partner or managing member interest in the Borrower. Such approval to transfer ownership shall be at the reasonable discretion of the Administrator and shall be in addition to any applicable requirements set forth in the Regulatory Agreement, the Loan Agreement or the Security Instrument. The Administrator may review management practices of the proposed transferee's current and previously owned properties, if any. Any proposed transferee (including individuals with an ownership interest) whose currently-owned properties have been found by the Administrator to have deficiencies that have not been resolved within the time frame prescribed by the City, the Issuer, the Administrator or other local government authority, may not assume ownership of the Project. The Administrator may initiate additional inspections, at the proposed transferee's request, to verify findings. The Borrower agrees that it will provide the Administrator with notice of any such transfer within thirty (30) days thereof.

Notwithstanding the foregoing, any of the following shall not require the prior consent of the Issuer or the Administrator: (A) transfers of or in the limited partner interests of the Borrower, (B) the removal and replacement of one or more general

partners or managing members of the Borrower in accordance with the terms of the Partnership Agreement or Operating Agreement, (C) foreclosure (or acceptance of a deed in lieu of foreclosure), or the first transfer of the Project following a foreclosure under the Security Instrument or acceptance of a deed in lieu of such foreclosure, and (D) any transfer referred to in the last sentence under the heading "Sale or Transfer of the Project" below.

(iii) The Borrower shall provide the Administrator's staff with all documentation necessary, in the sole discretion of the Administrator's staff, to confirm the Borrower's and the Project's compliance with federal tax laws as set forth in the Tax Certificate, the Loan Agreement and the Regulatory Agreement, including the requirements described under the heading "THE LOAN AGREEMENT – Mortgage Loan Repayment" regarding rebate compliance.

Any of the foregoing requirements of the Issuer may be expressly waived by the Issuer in writing, but (i) no waiver by the Issuer of any requirement described under this heading shall, or shall be deemed to, extend to or affect any other provision of the Regulatory Agreement except to the extent the Issuer has received an opinion of Tax Counsel that any such provision is not required by the Act and a Tax Counsel No Adverse Effect Opinion; and (ii) any requirement described under this heading shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other State or federal law.

Nothing contained in the Regulatory Agreement is intended to limit the restrictions, requirements or obligations in the DDA, or any recorded affordability restrictions pursuant thereto or otherwise in connection with the Project, and nothing contained in the DDA (or any such recorded affordability restrictions) is intended to limit the restrictions, requirements or obligations in the Regulatory Agreement. In the event of any conflict between the Regulatory Agreement and the DDA or any recorded affordability restrictions with respect to the Project, the most restrictive shall control.

**Additional Requirements of State Law**

In addition to the requirements described under the headings "Restricted Units" and "Additional Requirements of the Issuer" above, so long as any Bond is outstanding the Borrower has agreed to comply with each of the requirements of the Act applicable to the Project. Without limiting the foregoing, the Borrower has agreed as follows:

(a) Not less than 20% of the total number of units in the Project (which at all times during the Qualified Project Period shall be the 41 residential rental units in the Affordable Rate Condominium) shall be available for occupancy by Very Low Income Tenants, in satisfaction of the required set aside, under subsection (c)(1)(A) and (c)(2)(A) of Section 34312.3 of the Act.

(b) The rental payments made by the Very Low Income Tenants occupying units pursuant to the provisions described under this heading (including, with respect to the units in the Project that are not the subject of a Section 8 project based housing voucher, as an additional requirement of the Issuer, any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units; but excluding such amounts for all other units) shall not exceed 30% of an amount equal to 50% of the Median Income for the Area, adjusted for family size as determined pursuant to Section 8 of the Housing Act, less a reasonable deduction (as determined by the Administrator) for utilities so long as

utilities (gas, electric, water and sewer, trash removal) are paid by the tenant. For units reserved for Very Low Income Tenants, the base rents shall be adjusted for household size, and in making such adjustments it shall be assumed that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, and four persons will occupy a three-bedroom unit.

(c) The Affordable Borrower shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, and shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(d) 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, and shall comply with all applicable requirements of Section 65863.11 of the California Government Code.

(e) No tenant residing in a Very Low Income Unit shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Very Low Income Tenants. However, should the Adjusted Income of a tenant residing in a Very Low Income Unit increase to exceed the applicable qualifying limit, the next available unit in the Affordable Rate Condominium must be rented to (or held vacant and available for immediate occupancy by) a Very Low Income Tenant. The former Very Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Very Low Income Tenant, as applicable, for purposes of the requirement of paragraph (a) under this heading until the rental of an available unit of comparable or smaller size to a tenant who is not a Very Low Income Tenant. (A Very Low Income Tenant whose Adjusted Income has increased may nevertheless continue to be a Low Income Tenant to the extent such Tenant meets the requirements therefor.)

(f) The Very Low Income Units shall remain occupied by, or shall be made available on a priority basis for occupancy by, Very Low Income Tenants until the Bonds are retired.

(g) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and repayment in full of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units required by the provisions described under this heading to be reserved for occupancy by Very Low Income Tenants shall remain available to any eligible household occupying a Very Low Income Unit at the date of expiration or termination, at a rent not greater than the amount required by paragraph (b) under this heading, prior to the date of termination or expiration, until the earliest of any of the following occur:

(i) The household's income exceeds 140 percent of the maximum eligible income required by paragraph (a) under this heading for the Very Low Income Unit.

(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) Thirty (30) years after the commencement of the Qualified Project Period.

(iv) The Borrower pays the relocation assistance and benefits to such Very Low Income Tenant, as provided in Section 7264(b) of the Government Code of the State of California.

**Indemnification**

The Borrower has covenanted and agreed that it shall hold harmless, defend and indemnify the Issuer, the Administrator, the City of San Diego and their respective officers, commissioners, directors, officials and employees (individually and collectively, "Issuer Indemnitee") from and against all claims, liabilities, obligations, damages, penalties, litigation, costs, charges and expenses (including without limitation reasonable attorneys, accounting, consulting, engineering, and other fees and expenses), imposed on, incurred by or asserted against the Issuer Indemnitee and arising from, resulting from, or in any way connected with or related to (i) any cause whatsoever in connection with the approval by the Issuer of financing for the Project or the making or administration of the Loan (including any audit or investigation by the Internal Revenue Service or the Securities and Exchange Commission related to the Bonds or the Project); (ii) any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Loan or the Project, including any remarketing of the Bonds or other secondary market transaction; (iii) the construction, operation, use, occupancy, maintenance, or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto); (iv) the Trustee's and/or the Issuer's execution of the Indenture, the Loan Agreement or the Regulatory Agreement, or the exercise or performance by Issuer Indemnitee of any powers or duties under the Indenture, the Loan Agreement or the Regulatory Agreement; and (v) the issuance of the Bonds or any certifications or representations of the Borrower made in connection therewith and the carrying out of any of the transactions contemplated by the Loan Agreement and the Regulatory Agreement; provided, however, that this provision shall not require the Borrower to indemnify the Issuer Indemnitee from any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the Issuer Indemnitee. The indemnity described under this heading shall include within its scope, without limitation: any and all active or passive negligence on the part of Issuer Indemnitee (other than willful misconduct) or any claims of combined negligence on the part of Issuer Indemnitee and Borrower, to the extent Issuer Indemnitee is not prohibited by law from contracting for indemnification against such active, passive or combined negligent conduct; any claims for wrongful death; any vicarious liability imposed upon the Issuer Indemnitee; and any liability imposed by law on the Issuer Indemnitee on a strict liability theory or pursuant to any local, state or federal environmental statute, regulation or law. It is the express intention of the parties that Borrower shall indemnify Issuer Indemnitee against any and all such liability under the Regulatory Agreement. The exception to the Borrower's obligation to indemnify is expressly limited to the Borrower's obligation to indemnify the Issuer Indemnitee and does not relieve the Borrower of its obligation to defend the Issuer Indemnitee against such claims whether such claims are made in conjunction with other claims or by themselves.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Issuer Indemnitee from any taxes (including, without limitation, any ad valorem taxes and sales taxes), assessments, impositions, fees and other charges in respect of the Project.

In the event that any action or proceeding is brought against the Issuer Indemnitee with respect to which indemnity may be sought under the Regulatory Agreement, the Borrower, upon written notice from

the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel selected by the indemnified party and the payment of all expenses related thereto. The Issuer Indemnitee shall have the right to retain separate defense counsel at the sole cost and expense of Borrower, upon Issuer Indemnitee's reasonable determination that such separate counsel is necessary to avoid a conflict of interest or to provide Issuer Indemnitee, in Issuer Indemnitee's sole discretion, with an adequate defense to any such action or proceeding.

In addition thereto, the Borrower will pay upon demand all of the fees and expenses paid or incurred by any Issuer Indemnitee in enforcing the provisions of the Regulatory Agreement.

The provisions described under this heading shall survive the resignation or removal of the Trustee, the repayment of the Loan and the retirement of the Bonds.

Nothing contained under this heading shall, in itself, cause the obligation of the Borrower to pay principal and interest on the Loan or amounts owing with respect to the Loan to be a recourse obligation of the Borrower.

The obligations of the Borrower as described under this heading are independent of any other contractual obligation of the Borrower to provide indemnity to the Issuer Indemnitee or otherwise, and the obligation of the Borrower to provide indemnity under the Regulatory Agreement shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Issuer Indemnitee shall be entitled simultaneously to seek indemnity under this heading and any other provision under which any of them is entitled to indemnity.

**Sale or Transfer of the Project**

Each Borrower intends to hold its respective interest in the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project except in accordance with terms of the Operating Agreement or Partnership Agreement, and, except as otherwise expressly provided in the Regulatory Agreement, 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 under the Regulatory Agreement and/or pursuant to the aforementioned option) or interest therein, including any interest in the Borrower, without obtaining the prior written consent of the Issuer, which consent shall not be unreasonably withheld, and the President and Chief Executive Officer of the San Diego Housing Commission may give such consent without further action by the Board of Commissioners of the Issuer, and receipt by the Issuer of (i) evidence satisfactory to the Issuer that the Borrower's purchaser or transferee has assumed in writing and in full, the Borrower's duties and obligations under the Regulatory Agreement and the Borrower has complied with any applicable requirements of the Loan Agreement, (ii) an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Borrower under the Regulatory Agreement and that such obligations and the Regulatory Agreement are binding on the transferee, (iii) evidence acceptable to the Issuer that either (A) the purchaser or assignee has experience in the ownership, operation and management of rental housing projects such as the Project without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subparagraph (A) above or (C) if the purchaser or assignee does not have management experience, the Issuer may, in its discretion and at the expense of the Borrower, cause the Program Administrator to provide on site training in program compliance if the Issuer determines such training is necessary, such training to be at the expense of the Borrower, (iv) evidence satisfactory to the Issuer that no event of default exists under the Regulatory Agreement, the Loan Agreement, the Indenture or any document related to the Loan, beyond the expiration of any applicable notice and cure period, and payment of all fees and expenses of the Issuer and the Trustee due

under any of such documents is current, (v) evidence of satisfaction of compliance with the provisions of Section 30(d)(i) related to notice to CDLAC of transfer of the Project, and (vi) an opinion of Tax Counsel to the effect that such transfer will not, in itself, cause interest on the Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes, except to the extent held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code. It is expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of the provisions described under this heading 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 the Regulatory Agreement. Nothing described under this heading shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Not less than sixty (60) days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Issuer a notice in writing explaining the nature of the proposed transfer. Notwithstanding the foregoing, the provisions described under this heading shall not apply to the transfer of all or any portion of (a) the limited partner interest of the Equity Investor in the Borrower (which is instead subject to paragraph (h)(ii) under the heading "Additional Requirements of the Issuer" above), (b) the managing member's interest in the Borrower to an affiliate of the managing member, (c) the co-general partner's interest in the Borrower to an affiliate of the co-general partner or (d) the Project by foreclosure, exercise of power of sale, or transfer of title by deed in lieu of foreclosure, in each case to the Trustee or an Affiliate thereof.

**Term**

Subject to the following paragraph, the provisions described under the heading "Indemnification" above, and to any other provision expressly agreed in the Regulatory Agreement to survive the termination of the Regulatory Agreement, the Regulatory Agreement and all of the terms thereof shall become effective upon its execution and delivery and shall remain in full force and effect for such longer period as is described in paragraph (g) under the caption "Additional Requirements of State Law" and in "Indemnification" above, and in the CDLAC Resolution, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan.

The terms of the Regulatory Agreement to the contrary notwithstanding, the Regulatory Agreement, except for the provisions described under the heading "Indemnification" above, shall terminate and be of no further force and effect in the event of (i) involuntary noncompliance with the provisions of the 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 Issuer from enforcing such provisions, or (ii) foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure, transfer of title by assignment in lieu of foreclosure of the fee interest in the Project, or condemnation or a similar event, but only if, in case of the events described in either clause (i) or (ii) above, within a reasonable period, either the Bonds are paid in full or canceled or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure, exercise of power of sale, or the delivery of a deed in lieu of foreclosure, transfer of title by assignment in lieu of foreclosure of the fee interest in the Project or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower shall provide written notice to the Issuer of any termination of the Regulatory Agreement pursuant to clauses (i) or (ii) above. The Borrower agrees that, following any foreclosure, exercise of power of sale,

transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provisions of the Regulatory Agreement to the contrary, the entire Regulatory Agreement, or any of the provisions or sections thereof, may be terminated upon agreement by the Issuer and the Borrower subject to compliance with any of the provisions contained in the Regulatory Agreement, including the consent of CDLAC with respect to any agreement to terminate the entire Regulatory Agreement or any of the CDLAC Conditions, only if there shall have been received by the Issuer an opinion of Tax Counsel that such termination will not adversely affect the Tax-Exempt status of the interest on the Bonds or the exemption from State personal income taxation of the interest on the Bonds.

Upon the termination of the terms of the Regulatory Agreement, the parties thereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms of the Regulatory Agreement; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms.

**Borrower's Cooperation; Joint and Several Liability**

Each Borrower agrees to cooperate with the other Borrower in connection with each Borrower's performance of its obligations under the Regulatory Agreement and to perform such actions with respect to the Affordable Rate Condominium as may be reasonably necessary to allow each Borrower to perform its obligations under the Regulatory Agreement and to refrain from taking any such actions that would cause the other Borrower to be unable to comply with the Regulatory Agreement. Except to the extent specifically provided under the Regulatory Agreement to the contrary, the Affordable Borrower and the Market Rate Borrower agree and acknowledge that they shall each be jointly and severally liable under the Regulatory Agreement.

**Covenants to Run With the Land**

The Borrower has subjected the Project to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Issuer and the Borrower have declared their express intent that the covenants, reservations and restrictions set forth in the Regulatory Agreement 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 the Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument executed after the date of the Regulatory Agreement 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. No breach of any of the provisions of the Regulatory Agreement shall defeat or render invalid the lien of a mortgage made in good faith and for value encumbering the Site or any interest therein.

**Burden and Benefit**

The Issuer and the Borrower have declared their understanding and intent that the burden of the covenants set forth in the Regulatory Agreement touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Issuer and the Borrower have further declared 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, the

intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were executed, issued and delivered.

**Enforcement**

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 sixty (60) days (the "Cure Period") after written notice thereof shall have been given by the Issuer to the Borrower (and a copy of such notice shall also be given to the Trustee, provided however that the failure of the Issuer to provide such copy to the Trustee shall have no effect on the sufficiency of the notice to the Borrower), the Issuer may, at its sole option, extend the Cure Period if the default is of the nature which would reasonably require more than sixty (60) days to cure and if the Borrower provides the Issuer, if requested by the Issuer, with an opinion of Tax Counsel to the effect that such extension will not adversely affect the Tax-Exempt status of interest on the Bonds. Upon the expiration of such Cure Period, as the same may be extended as aforesaid, then the Issuer may declare an "event of default" to have occurred under the Regulatory Agreement, and, subject to the provisions of the Indenture, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants under the Regulatory Agreement or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer under the Regulatory Agreement; or

(b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; or

(c) 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 under the Regulatory Agreement.

Notwithstanding anything contained in the Regulatory Agreement to the contrary, the occurrence of an event of default under the Regulatory Agreement shall not be deemed, under any circumstances whatsoever, to be a default under the Security Instrument or the Loan Agreement, except as may be otherwise specified in the Security Instrument or the Loan Agreement, respectively.

Notwithstanding anything contained in the Regulatory Agreement, any member or limited partner of either the Market Rate Borrower or the Affordable Borrower shall have the right but not the obligation to cure any Event of Default, and the Issuer and the Trustee agree to accept any cure tendered by any such limited partner on behalf of the Borrower within any Cure Period specified above.

The Borrower has agreed that specific enforcement of the Borrower's agreements contained in the Regulatory Agreement is the only means by which the Issuer may fully obtain the benefits of such agreements made by the Borrower in the Regulatory Agreement, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower under the Regulatory Agreement.

The Trustee shall have the right (but no obligation), in accordance with the provisions described under this heading and the provisions of the Indenture, without the consent or approval of the Issuer, to exercise any or all of the rights or remedies of the Issuer under the Regulatory Agreement; provided that prior to taking any such act the Trustee shall give the Issuer written notice of its intended action. All

reasonable fees, costs and expenses of the Trustee or the Issuer incurred in taking any action pursuant to the provisions described under this heading shall be the sole responsibility of the Borrower.

After the Indenture has been discharged, or if the Trustee fails to act under the provisions of the Regulatory Agreement described under this heading, the Issuer 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 Trustee.

Notwithstanding anything to the contrary contained in the Regulatory Agreement, the Trustee and the Issuer have agreed that any cure of any default made or tendered by one or more of Borrower's limited partners shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

**Amendments**

To the extent any amendments to the Act, the Treasury Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by the Regulatory Agreement which must be complied with in order to maintain the Tax Exempt status of interest on the Bonds, the Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements. Otherwise, the Regulatory Agreement shall be amended only by a written instrument executed by the parties to the Regulatory Agreement or their successors in title, and duly recorded in the real property records of the County, provided that any amendment to the CDLAC Requirements shall also be subject to the consent of CDLAC, and provided further, that any amendment to the provisions described under the headings "Qualified Residential Rental Property" and "Restricted Units" above shall require an opinion of Tax Counsel filed with the Issuer, the Trustee, the Lender, the Borrower and the Trustee, to the effect that such amendment will not adversely affect the Tax-Exempt status of interest on the Bonds.

**CDLAC Requirements**

In addition to other requirements set forth in the Regulatory Agreement and to the extent not prohibited by the requirements described under the captions "Restricted Units" and "Additional Requirements of the Issuer" above, the Borrower has agreed to comply with each of the requirements of CDLAC described under this caption, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached to the Regulatory Agreement as an exhibit, and the CDLAC Conditions set forth in an exhibit attached to the Regulatory Agreement (collectively, the "CDLAC Conditions"), which conditions are incorporated in the Regulatory Agreement by reference and made a part thereof. The Borrower will prepare and submit to the Issuer:

(i) not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form required or otherwise provided by CDLAC from time to time ("CDLAC Compliance Certificate"), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Project; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date of the Regulatory Agreement, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within the Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Issuer.

(b) The Borrower acknowledges that the Issuer shall monitor the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Issuer will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Issuer in connection with such monitoring and reporting requirements.

(c) Except as otherwise described under the caption "Term" above, the Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project; (ii) any change in the issuer of the Bonds; (iii) any change in the name of the Project or the property manager; (iv) any default under the Indenture, the Loan Agreement or the Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Bonds, and the income and rental requirements as described under the captions "Restricted Units" and "Additional Requirements of the Issuer" above and the CDLAC Conditions; or (v) termination of the Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("TCAC Regulatory Agreement") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Borrower and approved by CDLAC. The Issuer may, in its sole and absolute discretion, require the Borrower to enter into an amendment to the Regulatory Agreement reflecting the revised

CDLAC Conditions, which amendment shall be executed by the parties to the Regulatory Agreement or their successor in title and duly recorded in the official real estate records of the County. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions described under this caption may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement described under this caption shall, or shall be deemed to, extend to or affect any other provision of the Regulatory Agreement except to the extent the Issuer has received an opinion of Tax Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement described under this caption shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

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**APPENDIX B**

**FORM OF LETTER OF CREDIT**

**SEPTEMBER [__], 2020**

**MIZUHO BANK, LTD., ACTING**
**THROUGH ITS**
**NEW YORK BRANCH**

**IRREVOCABLE DIRECT PAY LETTER OF CREDIT NUMBER [_____]**

Beneficiary:

[**U.S. Bank National Association,**
**as Trustee**
**Global Corporate Trust Services**
**633 West Fifth Street, 24th Floor**
**Los Angeles, CA 90071**
**Attention: Julia Hommel**]

Ladies and Gentlemen:

We hereby establish in your favor, as Trustee under the Indenture of Trust dated as of September 1, 2020 (the "*Indenture*"), between the Housing Authority of the City of San Diego and you, for the benefit of the holders of the Bonds (as hereinafter defined), this Irrevocable Direct Pay Letter of Credit (this *"Letter of Credit"*) for the account of 220 W Broadway Development Partners, L.P, a Delaware limited partnership ("*220 W Broadway Development Partners*"), and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company ("*220 W Broadway Market Rate*" and collectively with 220 W Broadway Development Partners, the "*Applicants*"), whereby we hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of 5:00 p.m. New York time on: (i) September [__], 2025 (as extended from time to time as provided herein, the *"Stated Expiration Date"*), (ii) a date on which we honor a drawing under the Letter of Credit on or after the date on which all of the Bonds are converted to an interest rate other than a Weekly Rate (the *"Mode Change Date"*) pursuant to Annex A hereto, (iii) the date on or after the date we receive from you a certificate in the form set forth as Annex B hereto, (iv) the date we honor a Stated Maturity Drawing (as hereinafter defined), and (v) the date which is seven (7) days following receipt by you of a written notice from us specifying the occurrence of an Event of Default (a *"Default Notice"*) under the Reimbursement Agreement dated as of September 1, 2020, among the Applicants, SDCC South Block, LLC, the banks party thereto and Mizuho Bank, Ltd., acting through its New York Branch, as Issuing Bank and Administrative Agent (as amended and supplemented from time to time, the *"Reimbursement Agreement"*), and directing you to cause a mandatory tender or an acceleration of the Bonds (such earliest date being referred to herein as the *"Termination Date"*), an initial aggregate stated amount of

[_____] United States Dollars (U.S.$[_____]) (the *"Stated Amount"*) to pay principal of and accrued interest on, or the purchase price of, the Housing Authority of the City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds ([**Courthouse Commons**]), Series 2020 F, to be issued from time to time in an aggregate principal amount not to exceed U.S.$24,000,000 (the *"Bonds"*), in accordance with the terms hereof (said U.S.$ [_____] having been calculated to be equal to U.S.$[_____], the initial outstanding principal amount of the Bonds, *plus* U.S.$[_____], which is an amount equal to 45 days of interest on the Bonds (computed on the basis of a 365-day year) at a maximum interest rate of twelve percent (12%) per annum). Upon our receipt of a fully executed and completed certificate of the Applicants in substantially the form of Annex J-1 and subject to the terms and conditions of the Reimbursement Agreement, the Stated Amount of the Letter of Credit will be increased by the sum of the amount set forth on an Annex (Stated Amount) in substantially the form of Annex J hereto from time to time delivered by us to you to be attached hereto and made a part hereof; *provided, however*, that in no event shall the Stated Amount of this Letter of Credit exceed U.S.$24,355,069 (the "*Maximum Stated Amount*") or be increased after [_____]. This credit is available to you against presentation of the following documents (the *"Payment Documents"*) presented to Mizuho Bank, Ltd., acting through its New York Branch (the *"Bank"*), as described below:

> A certificate (with all blanks appropriately completed) (i) in the form attached as Annex C hereto to pay accrued interest on the Bonds as provided for under Section 309(b) of the Indenture (an *"Interest Drawing"*), (ii) in the form attached as Annex D hereto to pay (A) the principal amount of and accrued interest on the Bonds in respect of any redemption or acceleration of the Bonds as provided for in Section 602 or Section 802 of the Indenture, respectively, *provided* that in the event the date of redemption or acceleration coincides with a required interest payment on the Bonds, such drawing shall not include any accrued interest on the Bonds (which interest is payable pursuant to an Interest Drawing) and (B) the principal amount of and accrued interest on the Bonds maturing on the Maturity Date (collectively, a "*Redemption, Acceleration or Stated Maturity Drawing*"), or (iii) in the form attached as Annex E hereto, to allow the Trustee to pay the purchase price of Bonds tendered for purchase as provided for in Sections 202(f), 202(h)(ii), 310(f) or Section 315 of the Indenture or purchased in lieu of redemption pursuant to Section 608(a) of the Indenture which have not been successfully remarketed or for which the purchase price has not been received by the Trustee by 11:00 a.m., New York City time, on the purchase date (a *"Liquidity Drawing"*), provided that in the event the purchase date coincides with an Interest Payment Date, the Liquidity Drawing shall not include any accrued interest on the Bonds (which interest is payable pursuant to an Interest Drawing), each certificate to state therein that it is given by your duly authorized officer and dated the date such certificate is presented hereunder. No drawings shall be made under this Letter of Credit for Bonds that are not Eligible Bonds (as defined in the Reimbursement Agreement).

Drafts must be marked conspicuously "Drawn under Mizuho Bank, Ltd. New York Branch Irrevocable Direct Pay Letter of Credit No. [_____]." All drawings shall be made by presentation of each Payment Document at our office at Mizuho Bank, Ltd., New York Branch, [_____], by telecopier (at telecopier number [_____] or alternately to [_____], Attention: [_____], without further need of documentation, including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of drawing. You shall use your best efforts to give telephonic notice of a drawing to the Bank at the [_____] (at: [_____] or alternately to [_____] on the Business Day preceding the day of such drawing (but such notice shall not be a condition to drawing hereunder and you shall have no liability for not doing so).

We agree to honor and pay the amount of any Interest, Redemption, Liquidity, or Stated Maturity Drawing if presented in compliance with all of the terms of this Letter of Credit. If such drawing, other than a Liquidity Drawing, is presented prior to 3:00 p.m., New York time, on a Business Day, payment shall be made of the amount specified, in immediately available funds, by 1:00 p.m., New York time, on the following Business Day. If any such drawing, other than a Liquidity Drawing, is presented at or after 3:00 p.m., New York time, on a Business Day, payment shall be made of the amount specified, in immediately available funds, by 3:00 p.m., New York time, on the following second Business Day. If a Liquidity Drawing is presented on or prior to 11:30 a.m., New York time, on a Business Day, payment shall be made of the amount specified, in immediately available funds, by 2:30 p.m., New York time, on the same Business Day. If a Liquidity Drawing is presented after 11:30 a.m., New York time, payment shall be made of the amount specified, in immediately available funds, by 12:00 p.m., New York time, on the following Business Day. Payments under this Letter of Credit shall be made by wire transfer of immediately available funds to [**US Bank, 60 Livingston Avenue, St. Paul, Minnesota 55101**, ABA No. [**091000022**], Account No. [_____], A/C Name: [_____], Attention: [_____], telephone: **[(651) 466-6124**]. Such account may be changed only by presentation to us of a letter in form satisfactory to us specifying a different account with the Trustee and executed by the Trustee and authenticated to our satisfaction.

"*Business Day*" means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in New York, New York, are authorized or obligated by law or executive order to close, (iii) a day on which commercial banks in the city or cities in which are located the Principal Office (as defined in the Indenture) of the Trustee and the principal office of the Bank in the United States at which demands for payment hereunder are to be presented are authorized or required by law or executive order to close, (iv) a day on which The New York Stock Exchange is closed, or (v) a day on which the Administrative Agent is closed.

Prior to the Termination Date, we may extend the Stated Expiration Date beyond the then current Stated Expiration Date from time to time at the request of the Applicants and in our sole and absolute discretion by delivering to you an amendment to this Letter of Credit in the form of Annex G hereto designating the date to which the Stated Expiration Date is being extended. All references in this Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date designated as such in such notice. Any date to which the Stated Expiration Date has been extended as herein provided may be extended in a like manner.

The Available Amount (as hereinafter defined) will be reduced automatically by the amount of any drawing hereunder; *provided*, *however*, that the amount of any Interest Drawing hereunder, shall be automatically reinstated on the fifth calendar day following the date of payment by us of such drawing if you shall not have received written notice from us prior to such date (or if such date is not a Business Day, the immediately preceding Business Day) that we have not been reimbursed for such drawing and as a result we are declaring an Event of Default under the Reimbursement Agreement and directing you to cause a mandatory tender of the Bonds; *provided* that the interest portion shall not exceed 12% per annum for 45 days, based on a year of 365 days and the actual number of days elapsed, on the principal amount of the Bonds outstanding. After payment by us of a Liquidity Drawing, the obligation of the Bank to honor drawings under this Letter of Credit will be automatically reduced by an amount equal to the principal amount of any Bond purchased with the proceeds of such Liquidity Drawing *plus* an amount equal to accrued interest on such Bond for a period of 45 days, computed at the rate of 12% per annum, based on a year of 365 days and the actual number of days elapsed. In addition, prior to the Mode Change Date, in the event of the remarketing of the Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, our obligation to honor drawings hereunder with respect to such remarketed Bond (or portions thereof) will be automatically reinstated upon receipt by us of written notice requesting such reinstatement in the form of Annex I hereto. "Available Amount" means the Stated Amount (as increased pursuant to delivery of each Annex (Stated Amount) as described above) (i) less the amount of all prior reductions pursuant to Interest Drawings, Redemption, Acceleration or Stated Maturity Drawings or Liquidity Drawings, (ii) less the amount of any reduction thereof pursuant to a reduction certificate in the form of Annex F hereto, (iii) plus the amount of all reinstatements as above provided.

Upon receipt by us of a certificate of the Trustee in the form of Annex F hereto, the Available Amount will be automatically and permanently reduced by the amount specified in such certificate.

This Letter of Credit is transferable in whole only to your successor as Trustee. Any such transfer (including any successive transfer) shall be effective upon receipt by us of a signed certificate effecting each such transfer signed by the transferor and by the transferee in the form of Annex H hereto (which shall be conclusive evidence of such transfer) along with the original Letter of Credit and all amendments, if any, and, in such case, upon the payment of [**Three Thousand Five Hundred United States Dollars (U.S.$3,500)**] paid by the Obligors as a transfer fee, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place.

Other than the foregoing provisions permitting communication by telecopier, all communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at [_____], Attn: [_____], specifically referring to the number and date of this Letter of Credit.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the "International Standby Practices 1998" (International Chamber of Commerce Publication No. 590) published by the Institute of International Banking Law & Practice, Inc. As to matters not governed by the International Standby Practices 1998, this Letter of

Credit shall be governed by and construed in accordance with Article 5 of the Uniform Commercial Code as in effect in the State of New York.

All payments made by us hereunder shall be made from our funds and not with the funds of any other person.

[Remainder of this page intentionally left blank]

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

Very truly yours,

MIZUHO BANK, LTD., acting through its New York Branch

By: _____
Name:
Title:

**ANNEX A**

**NOTICE OF MODE CHANGE DATE**
**Mizuho Bank, Ltd.**

**Irrevocable Direct Pay Letter of Credit [_____]**

Mizuho Bank, Ltd.
New York Branch
**[1800 Plaza Ten, Harborside Financial Center**
**Jersey City, New Jersey 07311**
**Attention: [_____]**
**Telecopy: [_____]**

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Direct Pay Letter of Credit No. [_____] dated September [__], 2020 (the *"Letter of Credit"*), which has been established by you for the account of 220 W Broadway Development Partners, L.P., a Delaware limited partnership and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company, in favor of the Trustee.

The undersigned hereby certifies and confirms that the Mode Change Date of all of the Bonds to a Mode other than the Weekly Mode has occurred on **[insert applicable date]**, and, accordingly, said Letter of Credit shall terminate after you shall have honored this drawing.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the _____ day of _____, _____.

Very truly yours,

[**U.S. BANK NATIONAL ASSOCIATION**], as Trustee

By: _____
[Insert Name and Title of Authorized Officer]

**ANNEX B**

**NOTICE OF TERMINATION**
**Mizuho Bank, Ltd.**

**Irrevocable Direct Pay Letter of Credit [_____]**

Mizuho Bank, Ltd.
New York Branch
**[1800 Plaza Ten, Harborside Financial Center**
**Jersey City, New Jersey 07311**
**Attention: [_____]**
**Telecopy: [_____]**

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Direct Pay Letter of Credit No. [_____] dated September [__], 2020 (the *"Letter of Credit"*), which has been established by you for the account of 220 W Broadway Development Partners, L.P., a Delaware limited partnership and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company, in favor of the Trustee.

The undersigned hereby certifies and confirms that **[(i) no Bonds (as defined in the Letter of Credit) remain Outstanding within the meaning of the Indenture, or (ii) all drawings required to be made under the Indenture and available under the Letter of Credit have been made and honored, or (iii) a substitute credit facility has been issued to replace the Letter of Credit pursuant to the Indenture (and we have made and received any drawing under the Letter of Credit required in connection therewith)]**[1] and, accordingly, the Letter of Credit shall be terminated in accordance with its terms.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the _____ day of _____, _____.

[1] Insert appropriate subsection.

Very truly yours,

[**U.S. BANK NATIONAL ASSOCIATION**], as Trustee

By: _____
[Insert Name and Title of Authorized Officer]

**ANNEX C**

**INTEREST DRAWING CERTIFICATE**
**Mizuho Bank, Ltd.**

**Irrevocable Direct Pay Letter of Credit [_____]**

Mizuho Bank, Ltd.
New York Branch
[**1800 Plaza Ten, Harborside Financial Center**
**Jersey City, New Jersey 07311**
**Attention: [_____]**
**Telecopy: [_____]**

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of [**U.S. Bank National Association**], as Trustee (the *"Beneficiary"*), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Direct Pay Letter of Credit No. [_____] dated September [__], 2020 (the *"Letter of Credit"*), issued by Mizuho Bank, Ltd., acting through its New York Branch (the *"Bank"*), in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Indenture.

2. The Beneficiary is entitled to make this drawing in the amount of U.S.$_____ under the Letter of Credit pursuant to the Indenture with respect to the payment of interest due on all Eligible Bonds (as defined in the Reimbursement Agreement) outstanding on the Interest Payment Date (as defined in the Indenture) occurring on **[insert applicable date]**.

3. The amount of the drawing is equal to the amount required to be drawn by the Trustee pursuant to Section 309(b) of the Indenture.

4. The amount of the drawing made by this Certificate was computed in compliance with the terms of the Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. Payment by the Bank pursuant to this drawing shall be made in accordance with the terms of the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the _____ day of _____, _____.

Very truly yours,

[**U.S. BANK NATIONAL ASSOCIATION**], as Trustee

By: _____
[Insert Name and Title of Authorized Officer]

**ANNEX D**

**REDEMPTION, ACCELERATION AND STATED MATURITY DRAWING**
**Mizuho Bank, Ltd.**

**Irrevocable Direct Pay Letter of Credit [_____]**

Mizuho Bank, Ltd.
[**New York Branch**
**1800 Plaza Ten, Harborside Financial Center**
**Jersey City, New Jersey 07311**
**Attention: [_____]**
**Telecopy: [_____]**

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of [**U.S. Bank National Association**], as Trustee (the *"Beneficiary"*), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Direct Pay Letter of Credit No. [_____] dated September [__], 2020 (the *"Letter of Credit"*), issued by Mizuho Bank, Ltd., acting through its New York Branch (the *"Bank"*), in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Indenture.

2. The Beneficiary is entitled to make this drawing in the amount of U.S.$_____ under the Letter of Credit pursuant to Section 309 of the Indenture.

3. (a) The amount of this drawing is equal to (i) [**the principal amount of Eligible Bonds (as defined in the Reimbursement Agreement) (A) to be redeemed by the Issuer (as defined in the Letter of Credit) pursuant to Section 602 of the Indenture (a "*Redemption Drawing*") on [insert applicable date] (the "*Redemption Date*"), (B) to be accelerated pursuant to Section 802 of the Indenture an "*Acceleration Drawing*") on [insert applicable date] (the "*Acceleration Date*") or (C) outstanding on [_____], the maturity dated thereof as specified in the Reimbursement Agreement (a "*Stated Maturity Drawing*")**][1], *plus* (ii) **[(A) with respect to (1) a Redemption Drawing or (2) an Acceleration Drawing interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Indenture) to the Redemption Date or Acceleration Date, as applicable, provided that in the event the Redemption Date or Acceleration Date coincides with a required interest**

[1] Insert appropriate subsection

**payment on the Bonds, this drawing does not include any accrued interest on such Bonds or (B) with respect to a Stated Maturity Drawing interest on such Bonds accrued from the immediately preceding Interest Payment Date**][1].

(b) Of the amount stated in paragraph 2 above:

(i) U.S.$_____ is demanded in respect of the principal amount of the Bonds referred to in subparagraph (a) above; and

(ii) U.S.$_____ is demanded in respect of accrued interest on such Bonds.

4. Payment by the Bank pursuant to this drawing shall be made in accordance with the terms of the Letter of Credit

5. The amount of the drawing made by this Certificate was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

6. Upon payment of the amount drawn hereunder for a [**Redemption Drawing**] [**or an Acceleration Drawing**], the Bank is hereby directed to permanently reduce the Available Amount by U.S.$**[insert amount of reduction]** and the Available Amount shall thereupon equal U.S.$**[insert new Available Amount]**. The Available Amount has been reduced by an amount equal to the principal of Bonds paid with this drawing and an amount equal to 45 days' interest thereon at the rate of twelve percent (12.0%) per annum.

7. Of the amount of the reduction stated in paragraph (6) above:

(i) U.S.$_____ is attributable to the principal amount of Bonds redeemed; and

(ii) U.S.$_____ is attributable to interest on such Bonds (i.e., 45 days' interest thereon at the rate of twelve percent (12.0%) per annum).

8. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

9. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of Eligible Bonds (as defined in the Reimbursement Agreement) outstanding plus 45 days' interest thereon at the rate of twelve percent (12.0%) per annum.

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[1] Insert appropriate subsection

10. The Trustee, prior to giving notice of optional redemption to the owners of the Bonds or prior to an acceleration of the Bonds, received written evidence from the Bank that the Bank has consented to such redemption or acceleration.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the _____ day of _____, _____.

Very truly yours,

[**U.S. BANK NATIONAL ASSOCIATION**], as Trustee

By: _____
[Insert Name and Title of Authorized Officer]

**ANNEX E**

**LIQUIDITY DRAWING CERTIFICATE**
**Mizuho Bank, Ltd.**

**Irrevocable Direct Pay Letter of Credit [_____]**

Mizuho Bank, Ltd.
New York Branch
**[1800 Plaza Ten, Harborside Financial Center**
**Jersey City, New Jersey 07311**
**Attention: [_____]**
**Telecopy: [_____]**

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of [**U.S. Bank National Association**], as Trustee (the "*Beneficiary*"), hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Direct Pay Letter of Credit No. [_____] dated September [__], 2020 (the "*Letter of Credit*"), issued by Mizuho Bank, Ltd., acting through its New York Branch (the "*Bank*"), in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Trustee under the Indenture.

2. The Beneficiary is entitled to make this drawing under the Letter of Credit in the amount of U.S.$_____ with respect to the payment of the purchase price of Eligible Bonds (as defined in the Reimbursement Agreement) [**tendered for purchase in accordance with Section 202(f), 202(h)(ii), 310(f), 315(a)(i), 315(a)(ii) or 315(a)(iii)**][1] of the Indenture [**or purchased in lieu of redemption pursuant to Section 6.08(a) of the Indenture**] and to be purchased on **[insert applicable date]** (the "*Purchase Date*") which Bonds have not been remarketed as provided in the Indenture or the purchase price of which has not been received by the Trustee by 11:00 a.m., New York time, on said Purchase Date.

3. (a) The amount of the drawing is equal to (i) the principal amount of Eligible Bonds to be purchased pursuant to the Indenture on the Purchase Date, *plus* (ii) interest on such Bonds accrued from the immediately preceding date on which interest was required to be paid on the Bonds (or if none, the date of issuance of the Bonds) to the Purchase Date, *provided* that in the event the Purchase Date coincides with a required interest payment on the Bonds, this drawing does not include any accrued interest on such Bonds.

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[1] Insert appropriate Section.

(b) Of the amount stated in paragraph (2) above:

(i) U.S.$_____ is demanded in respect of the principal portion of the purchase price of the Bonds referred to in subparagraph (2) above; and

(ii) U.S.$_____ is demanded in respect of payment of the interest portion of the purchase price of such Bonds.

4. The amount of the drawing made by this Certificate was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. The Beneficiary will register or cause to be registered in the name of the Bank, upon payment of the amount drawn hereunder, Bonds in the principal amount of the Bonds being purchased with the amounts drawn hereunder and will deliver such Bonds to the Trustee in accordance with the Indenture.

6. Payment by the Bank pursuant to this drawing shall be made in accordance with the terms of the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the _____ day of _____, _____.

Very truly yours,

[**U.S. BANK NATIONAL ASSOCIATION**], as Trustee

By: _____
[Insert Name and Title of Authorized Officer]

**ANNEX F**

**REDUCTION CERTIFICATE**
**Mizuho Bank, Ltd.**

**Irrevocable Direct Pay Letter of Credit [_____]**

Mizuho Bank, Ltd.
New York Branch
[**1800 Plaza Ten, Harborside Financial Center**
**Jersey City, New Jersey 07311**
**Attention: [_____]**
**Telecopy: [_____]**

Ladies and Gentlemen:

The undersigned hereby CERTIFIES with respect to (i) that certain Irrevocable Direct Pay Letter of Credit No. [_____] dated September [__], 2020 (the *"Letter of Credit"*), issued by Mizuho Bank, Ltd., acting through its New York Branch (the *"Bank"*), in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Trustee under the Indenture.

2. Upon receipt by the Bank of this Certificate, the Available Amount (as defined in the Letter of Credit) shall be reduced by U.S.$_____ and the Available Amount shall thereupon equal U.S.$_____. U.S.$_____ of the new Available Amount is attributable to principal and U.S.$_____ of the new Available Amount is attributable to interest.

3. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

4. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of Eligible Bonds (as defined in the Reimbursement Agreement) outstanding *plus* 45 days' interest thereon at the rate of twelve percent (12.0%) per annum.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the _____ day of _____, _____.

Very truly yours,

[**U.S. BANK NATIONAL ASSOCIATION**], as Trustee

By: _____
[Insert Name and Title of Authorized Officer]

**ANNEX G**

**NOTICE OF EXTENSION**
**Mizuho Bank, Ltd.**

**Irrevocable Direct Pay Letter of Credit [_____]**

Beneficiary:

[**U.S. Bank National Association,**
**as Trustee**
**Global Corporate Trust Services**
**633 West Fifth Street, 24th Floor**
**Los Angeles, CA 90071**
**Attention: Julia Hommel**]

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Direct Pay Letter of Credit No. [_____] dated September [__], 2020 (the *"Letter of Credit"*), established by us in your favor as Beneficiary. We hereby notify you that the Stated Expiration Date (as defined in the Letter of Credit) has been extended to _____, _____.

This letter should be attached to the Letter of Credit and made a part thereof.

Very truly yours,

MIZUHO BANK, LTD., acting through its New York Branch

By: _____
Name: _____
Title: _____

**ANNEX H**

**TRANSFER CERTIFICATE**
**Mizuho Bank, Ltd.**

**Irrevocable Direct Pay Letter of Credit [_____]**

Mizuho Bank, Ltd.
New York Branch
[**1800 Plaza Ten, Harborside Financial Center**
**Jersey City, New Jersey 07311**
**Attention: [_____]**
**Telecopy: [_____]**

Ladies and Gentlemen:

Reference is made to that certain Irrevocable Direct Pay Letter of Credit No. [_____] dated September [__], 2020 (the *"Letter of Credit"*), which has been established by Mizuho Bank, Ltd., acting through its New York Branch, in favor of [**U.S. Bank National Association**], as Trustee.

The undersigned, a duly authorized officer of **[Name of Transferor]**, has transferred and assigned all of its rights in and under said Letter of Credit to **[Name of Transferee]** and confirms that **[Name of Transferor]** no longer has any rights under or interest in said Letter of Credit. **[Name of Transferee]** has succeeded **[Name of Transferor]** as trustee for the Housing Authority of the City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds, ([**Courthouse Commons**]), Series 2020 F (the "*Bonds*").

By virtue of this transfer, **[Name of Transferee]** shall have the sole rights as beneficiary of said Letter of Credit, including sole rights relating to any past or future amendments thereof, whether increases or extensions or otherwise. All amendments are to be advised directly to **[Name of Transferee]** without necessity of any consent of or notice to **[Name of Transferor]**.

By its signature below, **[Name of Transferee]** acknowledges that it has duly succeeded **[Name of Transferor]** as trustee for Bonds.

The Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof and to forward it directly to **[Name of Transferee]** with your customary notice of transfer. Also, please find enclosed our payment of three thousand five hundred dollars (U.S.$3,500) paid by the Obligors as a transfer fee in accordance with the Letter of Credit.

_____
[Name of Transferor], as transferor Trustee

By: _____
[Insert Name and Title of Authorized Officer]

_____
[Name of Transferee] as transferee Trustee

By: _____
[Insert Name and Title of Authorized Officer]

**ANNEX I**

**NOTICE OF REINSTATEMENT**
**Mizuho Bank, Ltd.**

**Irrevocable Direct Pay Letter of Credit [_____]**

Mizuho Bank, Ltd.
New York Branch
[**1800 Plaza Ten, Harborside Financial Center**
**Jersey City, New Jersey 07311**
**Attention: [_____]**
**Telecopy: [_____]**

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of [**U.S. Bank National Association**], as Trustee (the *"Beneficiary"*), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to that certain Irrevocable Direct Pay Letter of Credit No. [_____] dated September [__], 2020 (the *"Letter of Credit"*), issued by Mizuho Bank, Ltd., acting through its New York Branch (the *"Bank"*), in favor of the Beneficiary:

1. The Beneficiary is the Trustee under the Indenture.

2. **[Name of Remarketing Agent]** is the Remarketing Agent (as defined in the Reimbursement Agreement dated as of September 1, 2020, among 220 W Broadway Development Partners, L.P., a Delaware limited partnership, 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company, SDCC South Block, LLC, a Delaware limited liability company, the banks party thereto and Mizuho Bank, Ltd., acting through its New York Branch, as Issuing Bank and Administrative Agent (the *"Reimbursement Agreement"*)) and has notified the Beneficiary that on this date it has remarketed Bank Bonds (as defined in the Reimbursement Agreement) in the principal amount of U.S.$_____ to new purchaser(s), and such new purchaser(s) has/have made deposits with the Beneficiary in immediately available funds in the same principal amounts this date.

3. The Beneficiary hereby requests the immediate reinstatement of the Letter of Credit in an amount equal to U.S.$_____, being equal to the sum of (i) U.S.$_____, the principal amount of the Bank Bonds remarketed, and (ii) U.S.$_____, an amount equal to accrued interest on such Bank Bonds for a period of 45 days', computed as though the Bank Bonds bore interest at the rate of 12% per annum, based on a year of 365 days and the actual number of days elapsed.

4. Concurrent with the transmission of this certificate, the Beneficiary shall transfer or cause the transfer in immediately available funds the Sale Price (as defined in the Reimbursement Agreement) of the remarketed Bank Bonds to the Bank Bondowners (as defined in the Reimbursement Agreement) at

the address for such Bank Bondowners listed in the Bond Register (as defined in the Reimbursement Agreement) or such other address as specified by such Bank Bondowners.

5. No payment is demanded of the Bank in connection with this certificate.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the _____ day of _____, _____.

Very truly yours,

[**U.S. BANK NATIONAL ASSOCIATION**], as Trustee

By: _____
[Insert Name and Title of Authorized Officer]

**ANNEX J**

**STATED AMOUNT**
**MIZUHO BANK, LTD.**

**IRREVOCABLE DIRECT PAY LETTER OF CREDIT [_____]**

[DATE]

[**U.S. Bank National Association,**
**as Trustee**
**Global Corporate Trust Services**
**633 West Fifth Street, 24th Floor**
**Los Angeles, CA 90071**
**Attention: Julia Hommel**]

Re: Adjustment to the Stated Amount of the Letter of Credit

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Letter of Credit No. [_____] dated September [__], 2020 (the *"Letter of Credit"*), established by us in your favor as Beneficiary, and at the request of our account parties, 220 W Broadway Development Partners, L.P., a Delaware limited partnership and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company (collectively, the "*Obligors*"), this Annex (Stated Amount) should be attached to the Letter of Credit and made a part thereof.

1. Upon our delivery of this Annex (Stated Amount) to you, the Stated Amount of the Letter of Credit shall be increased by the amount of U.S.$_____, and the Stated Amount shall thereupon equal $_____ (said U.S.$[_____] having been calculated to be equal to U.S.$[_____], the outstanding principal amount of the Bonds as of the date hereof, *plus* U.S.$[_____] which is an amount equal to 45 days of interest on the Bonds (computed on the basis of a 365-day year) at the Maximum Interest Rate).

2. In delivering this Annex J (Stated Amount) to you, we have received and relied upon the certificate delivered by the Obligors to us in the form attached hereto, which is made a part hereof.

3. This Annex J (Stated Amount) is in addition to all Annexes (Stated Amount) previously delivered in connection with the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this Annex J (Stated Amount) this _____ day of _____, _____.

MIZUHO BANK, LTD., acting through its New York Branch

By: _____
Name: _____
Title: _____

Acknowledged as of _____, _____ by
[**U.S. BANK NATIONAL ASSOCIATION**], as Trustee

By _____

Title _____

cc: 220 W Broadway Development Partners, L.P and 220 W Broadway Market Rate 2, LLC

**ANNEX J-1**

**STATED AMOUNT**
**MIZUHO BANK, LTD.**

**IRREVOCABLE DIRECT PAY LETTER OF CREDIT NUMBER [_____]**

[DATE]

Mizuho Bank, Ltd.
New York Branch
[**1800 Plaza Ten, Harborside Financial Center**
**Jersey City, New Jersey 07311**
**Attention: [_____]**
**Telecopy: [_____]**

Re: Increase of Stated Amount of the Letter of Credit

Ladies and Gentlemen:

220 W Broadway Development Partners, L.P., a Delaware limited partnership and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company (collectively, the "*Applicants*"), hereby certify to Mizuho Bank, Ltd., acting through its New York Branch (the "*Bank*"), with reference to Irrevocable Letter of Credit No. [_____] dated September [__], 2020 (the "*Letter of Credit*"; any other defined terms used herein having their respective meanings set forth in the Letter of Credit or the Reimbursement Agreement, as the case may be) issued by the Bank in favor of the Trustee that:

1. The Applicants hereby request that the Stated Amount of the Letter of Credit be increased by the amount of U.S.$_____, and the Bank deliver an Annex (Stated Amount) to provide for the same.

2. As of the date hereof, the aggregate principal amount of Bonds outstanding under the terms of the Indenture, as set forth in Exhibit D to the Indenture (as defined in the Letter of Credit), is U.S.$_____.

3. Upon the delivery by Bank of an Annex as requested hereby, the aggregate Stated Amount of the Letter of Credit will not exceed the Maximum Stated Amount.

4. The representations and warranties contained in Article V of the Reimbursement Agreement are true and correct on and as of the date hereof as though made on such date.

5. After giving effect to the increase of the Stated Amount of the Letter of Credit as hereby requested, there exists no Default or Event of Default under the Reimbursement Agreement.

6. This certificate is being delivered on or prior to December 31, 2020.

IN WITNESS WHEREOF, the Applicants have executed and delivered this certificate as of the _____ day of _____, ____.

**220 W BROADWAY DEVELOPMENT PARTNERS, L.P.,**
a Delaware limited partnership

By: AHA SDCC MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Affordable Housing Access, Inc.,
a California nonprofit public benefit corporation,
its Manager

By: _____
[_____]

By: NASH – Holland 220 W Broadway GP, LLC,
a Delaware limited liability company,
its Co-General Partner

By: SDCC South Block, LLC,
a Delaware limited liability company,
its Sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its Sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
[_____]

**220 W BROADWAY MARKET RATE 2, LLC**,
a Delaware limited liability company

By: SDCC South Block, LLC,
a Delaware limited liability company,
its Sole Member

By: NASH – Holland SDCC Investors, LLC,
a Delaware limited liability company,
its Sole Member

By: HPG SDCC, LLC,
a Washington limited liability company,
its Operating Member

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
[_____]

## APPENDIX C

## BOOK-ENTRY SYSTEM

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrower believes to be reliable, but the Borrower takes no responsibility for the accuracy thereof.*

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be initially issued and issuable only as one fully registered Bond certificate for each maturity, registered in the name of Cede & Co. as partnership nominee of DTC. Those fully registered Bonds will be deposited with and retained in the custody of DTC.

For ease of reference in this and other discussions, reference to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Bond proceedings, DTC will be and will be considered by the Issuer and the Trustee to be the owner or holder of the Bonds.

Owners of book entry interests in the Bonds (book entry interest owners) will not receive or have the right to receive physical delivery of Bonds, and will not be or be considered by the Issuer and the Trustee to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the book entry interest owner) is in turn to be recorded on the Direct and Indirect Participants' records. Book entry interest owners will not receive written confirmation from DTC of their purchase, but are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the book entry interest owner entered into the transaction. Transfers of ownership interests in the Bonds are to be

accomplished by entries made on the books of Participants acting on behalf of book entry interest owners. Book entry interest owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in actual ownership. DTC has no knowledge of the book entry interest owners (or beneficial owners) of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the book entry interest owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to book entry interest owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and debt service payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to book entry interest owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and debt service payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the book entry interest owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee and Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee and Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee or Remarketing Agent's DTC account, as applicable.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. The Issuer may decide to discontinue use of the book entry system if DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds.

***Direct Participants and Indirect Participants may impose service charges on book entry interest owners in certain cases. Purchasers of book entry interests should discuss that possibility with their brokers.***

The Issuer, the Borrower and the Trustee have no role in the purchases, transfers or sales of book entry interests. The rights of book entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book entry interest owners may want to discuss with their legal advisers the manner of transferring or pledging their book entry interests.

The Issuer, the Borrower and Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Issuer and the Borrower cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the book entry interest owners payments of debt service on the Bonds made to DTC as the registered owner, or any notices, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in the Official Statement.

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**APPENDIX D**

**FORM OF OPINION OF BOND COUNSEL**

_____ __, 2020

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, California 92101
Attention: Executive Director

**OPINION**: $24,000,000* Housing Authority of the City of San Diego Variable Rate Demand Multifamily Housing Revenue Bonds (Courthouse Commons) Series 2020 F

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Housing Authority of the City of San Diego (the "Authority") of the above-referenced bonds (the "Bonds") pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the "Act"), and with respect to the Bonds, an Indenture of Trust, dated as of [_____] 1, 2020 (the "Indenture"), between the Authority, as issuer, and [_____], as trustee (the "Trustee"), and approved by resolution of the Authority adopted June 16, 2020. We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations and covenants of the Authority contained in the Indenture; the representations, warranties and covenants of 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company ("Market Rate Borrower") and 220 W Broadway Development Partners, L.P., a Delaware limited partnership (together with Market Rate Borrower, the "Borrower"), contained in the Loan Agreement dated as of [_____] 1, 2020 (the "Loan Agreement"), among the Authority, the Borrower and the Trustee; the representations, warranties and covenants of the Authority and the Borrower contained in the Regulatory Agreement and Declaration of Restrictive Covenants dated as of [_____] 1, 2020 (the "Regulatory Agreement"), by and among the Authority, Borrower and Trustee, and the Certificate as to Arbitrage dated the date hereof; and the representations, warranties and covenants of the Authority, the Borrower and others contained in the certified proceedings relating to the issuance of the Bonds. We have also relied upon the legal opinion of Chernove & Associates, Inc., as counsel to the Borrower, dated the date hereof, regarding the definition of "building" under Section 142(d)(3)(C) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and certain other certifications of public officials, in each case furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing and existing law, we are of the opinion that:

1. The Authority is a public body, corporate and politic, duly organized and validly existing under the laws of the State of California, with the power to enter into the Indenture, Loan Agreement and Regulatory Agreement; to perform the agreements on its part contained therein; and to issue the Bonds.

---

* Preliminary; subject to change.

2. The Indenture, Loan Agreement and Regulatory Agreement have been duly approved by the Authority and constitute valid and binding obligations of the Authority enforceable upon the Authority.

3. Pursuant to the Act, the Indenture creates a valid lien on the funds pledged by it for the security of the Bonds subject to no prior lien granted under the Act.

4. The Bonds have been duly authorized, executed and delivered by the Authority and constitute valid and binding limited obligations of the Authority, payable solely from the sources provided therefor in the Indenture.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes, except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Tax Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the previous paragraph are subject to the condition that the Issuer, the Borrower and any future user of the Project (as defined in the Regulatory Agreement) comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the Borrower have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of any owner of the Bonds and the enforceability of the Bonds, Indenture, Loan Agreement and Regulatory Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

**APPENDIX E**

**FORM OF TENDER NOTICE**

(WEEKLY RATE BONDS)

Relating to

**Housing Authority of the City of San Diego**
**Variable Rate Demand Multifamily Housing Revenue Bonds**
**(Courthouse Commons), Series 2020 F - $24,000,000***

[_____], Trustee
Fax: [_____]
Email: [_____]

Stifel, Nicolaus & Company, Incorporated, Remarketing Agent
Fax: [_____]

The undersigned is the beneficial owner of certain of the Housing Authority of the City of San Diego's above-captioned Series 2020 F Bonds (the "Bonds"). The undersigned hereby irrevocably demands payment of $_____ aggregate principal amount of the Bonds (which amount is an integral multiple of $5,000 equal to or in excess of $100,000) and, if the date of purchase is not an Interest Payment Date, accrued interest thereon to such date of purchase (the "Purchase Price"). If the foregoing represents the tender of a Bond in part only, the remaining part is also an Authorized Denomination. An SDFS Deliver Order has been or is being entered at DTC simultaneously with this notice.

Payment of the Purchase Price shall be made by wire transfer of immediately available funds to Account No. _____ at DTC. Payment shall occur on _____ __, 20__ (the "Demand Date"), which is a Business Day (as defined in the Indenture pursuant to which the Bonds were issued) on or prior to a Conversion Date but at least seven days after the Business Day this demand is delivered.

The undersigned hereby authorizes and directs the Remarketing Agent to arrange for the sale of all or any part of the Bonds at not less than par (plus accrued interest to the Demand Date if the Demand Date is other than an Interest Payment Date). In the event of such a sale, payment of the Purchase Price of the Bonds shall be made on the Demand Date as hereinabove provided.

THE UNDERSIGNED RECOGNIZES THAT THIS TENDER OF THE BONDS IS IRREVOCABLE AND, THEREFORE, THAT FROM AND AFTER THE DUE AND PROPER EXECUTION OF THIS PURCHASE DEMAND AND ITS DELIVERY TO THE TRUSTEE AND THE REMARKETING AGENT, THE UNDERSIGNED SHALL HAVE NO FURTHER RIGHTS OR INTERESTS IN AND TO THE TENDERED BONDS OTHER THAN THE RIGHT TO RECEIVE PAYMENT OF THE PURCHASE PRICE OF THE TENDERED BONDS ON THE DEMAND DATE FROM THE MONEY IN THE FUNDS AND ACCOUNTS ESTABLISHED WITH AND HELD BY THE TRUSTEE FOR SUCH PURPOSE. THE UNDERSIGNED FURTHER ACKNOWLEDGES THAT THE PURCHASE PRICE OF THE TENDERED BONDS WILL BE PAID TO DTC, AS REGISTERED OWNER OF THE BONDS, AND NOT TO THE BENEFICIAL OWNER.

---

* Preliminary; subject to change.

THE UNDERSIGNED IRREVOCABLY APPOINTS THE TRUSTEE AS DULY AUTHORIZED ATTORNEY AND DIRECTS THE TRUSTEE TO EFFECT THE TRANSFER OF SUCH BENEFIT(S), OR, IN THE CASE OF ANY BOND ONLY A PORTION OF WHICH IS TENDERED FOR PURCHASE, TO EXCHANGE SUCH BOND INTO (I) BOND(S) REPRESENTING THAT PORTION OF THE BOND TO BE PURCHASED AND (II) BOND(S) REPRESENTING THAT PORTION OF THE BOND NOT TO BE PURCHASED, EACH IN FULLY REGISTERED FORM AND IN AUTHORIZED DENOMINATIONS, REGISTERED IN THE SAME NAME(S) AS THE BOND(S) TENDERED FOR PURCHASE ON THE DEMAND DATE.

Dated:

Signature(s) of Registered Owner(s) or beneficial owner(s) of the Tendered Bonds

_____

(Street) (City) (State) (Zip)

_____

((Area Code) Telephone Number)

# APPENDIX F

# FORM OF CONTINUING DISCLOSURE AGREEMENT

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 VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $24,000,000 TO FINANCE THE ACQUISITION, CONSTRUCTION AND DEVELOPMENT OF A MULTIFAMILY RENTAL HOUSING FACILITY KNOWN AS COURTHOUSE COMMONS, 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 incur indebtedness to finance the acquisition, construction, and development of multifamily rental housing; and

WHEREAS, 220 W Broadway Development Partners, L.P., a Delaware limited partnership registered in California, and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company registered in California (collectively, the Borrower), have requested that the Authority issue and sell bonds for the purpose of making a loan to the Borrower to finance the acquisition, construction and development by the Borrower of an 82-unit multifamily rental housing facility, consisting of two condominiums (each containing 41 multifamily residential rental units) located within a 37-story high-rise and any functionally related and subordinate facilities in and around such high-rise (collectively, the Project), to be known as Courthouse Commons and located at 220 West Broadway 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 very low income persons or families, and to accomplish such purpose, it is desirable for the Authority to issue revenue bonds to finance costs of the acquisition, construction and development of the Project; and

WHEREAS, the Authority intends to issue its Housing Authority of the City of San Diego Multifamily Housing Variable Rate Demand Revenue Bonds (Courthouse Commons), 2020 Series F (Bonds) in an aggregate principal amount not to exceed $24,000,000, which Bonds are expected to be sold to Stifel, Nicolaus & Company, Incorporated (Underwriter), for a public offering; and

WHEREAS, the Authority will loan the proceeds of the Bonds to the Borrower (Mortgage Loan) and the Borrower will use the proceeds of the Bonds to finance costs of the acquisition, construction and development of the Project and the costs of issuing the Bonds; and

WHEREAS, the City Council of the City of San Diego approved the issuance by the Authority of the Bonds (TEFRA Resolution), after publication of a “TEFRA” notice and the holding on June 16, 2020, of a “TEFRA” hearing, as required by the Internal Revenue Code of 1986, as amended, and applicable United States Treasury Regulations; and

WHEREAS, California Government Code section 8869.85 requires that a local agency file an application with the California Debt Limit Allocation Committee (CDLAC) and obtain CDLAC’s authorization to issue tax-exempt multifamily housing revenue obligations; and

WHEREAS, CDLAC has allocated to the Project $24,000,000 of the 2020 State of California ceiling for private activity bonds under Section 146 of the Code; and

WHEREAS, the following documents are presented for consideration:

(1) the proposed form of the Indenture of Trust (Indenture), by and between the Authority and U.S. Bank National Association (Trustee), as trustee, including the related form of the Bonds,

(2) the proposed form of Loan Agreement (Loan Agreement), by and among the Authority, the Trustee and the Borrower,

(3) the proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and among the Authority, the Borrower and the Trustee,

(4) the proposed form of the Bond Purchase Agreement (Bond Purchase Agreement), by and among the Authority, the Borrower and the Underwriter, and

(5) the proposed form of the Official Statement (Official Statement) to be used by the Underwriter in connection with the offering and sale of the Bonds; and

WHEREAS, 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. Finding and Determination. It is found and determined that it is necessary and desirable for the Authority to provide for the financing of the acquisition, construction and development of the Project through the execution and delivery of the Bonds in order to assist persons of very low income within the City of San Diego in obtaining decent, safe, and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Bonds. For the purpose of financing the acquisition, construction and development of the Project, the Authority hereby approves the issuance of the

Bonds in one or more series, with any project designation as may be selected by a Designated Officer (as defined below), in an aggregate principal amount not to exceed $24,000,000. The Bonds shall be issued in the principal amount and shall bear interest and mature (not later than 45 years from the date of execution and delivery thereof) as provided in the Indenture. The Bonds shall be in substantially the form as set forth in the Indenture, with such appropriate variations, omissions, insertions, and provisions as are required or permitted by the Indenture. The Bonds shall be special, limited obligations of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Indenture shall be paid and satisfied, solely from the revenues, receipts, and other moneys and assets pledged therefor under the Indenture.

Section 3. Execution and Delivery of the Bonds. The Bonds 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 Executive Vice President of Real Estate and Chief Strategy Officer (Executive Vice President Real Estate) of the San Diego Housing Commission (Housing Commission), the Vice President of Real Estate Finance of the Housing Commission (Vice President Real Estate Finance), or the Executive Vice President and Chief of Staff of the Housing Commission (Executive Vice President Chief of Staff), and the official seal of the Authority, or a facsimile thereof, shall be impressed or imprinted thereon and attested with the manual or facsimile signature of the Secretary or a Deputy Secretary of the Authority.

Section 4. Approval of the Indenture. The Indenture, in the form on file in the Housing Commission offices, is hereby approved. The Chairman, the Vice Chairman, the Executive Director, the Executive Vice President Real Estate, the Vice President Real Estate Finance, the Executive Vice President Chief of Staff and the Secretary or a Deputy Secretary of

the Authority, or the designee of any such officer (collectively, the Designated Officers) are each hereby authorized to execute and deliver the Indenture 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 Indenture approved in this Resolution.

Section 5. Approval of Loan Agreement. The Loan Agreement, in the form on file in the Housing Commission offices, is hereby approved. The Designated Officers are each hereby authorized to execute and deliver the 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 Loan Agreement approved in this Resolution.

Section 6. Approval of Regulatory Agreement. The Regulatory Agreement, in the form on file in the Housing Commission offices, is hereby approved. The Designated Officers are each hereby 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 7. Approval of Bond Purchase Agreement. The Bonds are hereby sold to the Underwriter pursuant to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement, in the form on file in the Housing Commission offices, is hereby approved. The Designated Officers are each hereby authorized to execute and deliver the Bond Purchase 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 thereof to constitute conclusive evidence of the approval of all changes from the form of the Bond Purchase Agreement approved at this meeting.

Section 8. Approval of Official Statement. The Underwriter is hereby authorized to distribute a preliminary Official Statement, in substantially the form placed on file with the Authority, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as any Designated Officer, with advice of counsel to the Authority, deems desirable, necessary or appropriate.

Section 9. Actions Ratified and Authorized. All prior actions taken by the officers, employees, and agents of the Authority with respect to the issuance and sale of the Bonds are approved, confirmed, and ratified, and the Designated Officers are each authorized, for and in the name and on behalf of the Authority, to 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, that they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and the making of the Mortgage Loan pursuant to the Loan Agreement in accordance with the Act and this Resolution.

Section 10. 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 Bonds and the lending program financed by the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any amendment of such documents, any

transfer of the Project, any substitution of security for the Bonds, or any prepayment or redemption of the Bonds, 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 that such officer may deem necessary or desirable to further the purposes of this Resolution. No documents authorized by this resolution shall be executed and delivered until final passage of the TEFRA Resolution.

Section 11. 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 12. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite Middaugh
Deputy General Counsel

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 VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $24,000,000 TO FINANCE THE ACQUISITION, CONSTRUCTION AND DEVELOPMENT OF A MULTIFAMILY RENTAL HOUSING FACILITY KNOWN AS COURTHOUSE COMMONS, 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 incur indebtedness to finance the acquisition, construction, and development of multifamily rental housing; and

WHEREAS, 220 W Broadway Development Partners, L.P., a Delaware limited partnership registered in California, and 220 W Broadway Market Rate 2, LLC, a Delaware limited liability company registered in California (collectively, the Borrower), have requested that the Authority issue and sell bonds for the purpose of making a loan to the Borrower to finance the acquisition, construction and development by the Borrower of an 82-unit multifamily rental housing facility, consisting of two condominiums (each containing 41 multifamily residential rental units) located within a 37-story high-rise and any functionally related and subordinate facilities in and around such high-rise (collectively, the Project), to be known as Courthouse Commons, to be located 220 West Broadway 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 very low income persons or families, and to accomplish such purpose, it is desirable for the Authority to issue revenue bonds to finance costs of the acquisition, construction and development of the Project; and

WHEREAS, the Authority intends to issue its Housing Authority of the City of San Diego Multifamily Housing Variable Rate Demand Revenue Bonds (Courthouse Commons), 2020 Series F (Bonds) in an aggregate principal amount not to exceed $24,000,000, which Bonds are expected to be sold to Stifel, Nicolaus & Company, Incorporated (Underwriter), for a public offering; and

WHEREAS, the Authority will loan the proceeds of the Bonds to the Borrower (Mortgage Loan) and the Borrower will use the proceeds of the Bonds to finance costs of the acquisition, construction and development of the Project and the costs of issuing the Bonds; and

WHEREAS, the City Council of the City of San Diego approved the issuance by the Authority of the Bonds (TEFRA Resolution), after publication of a "TEFRA" notice and the holding on June 16, 2020, of a "TEFRA" hearing, as required by the Internal Revenue Code of 1986, as amended, and applicable United States Treasury Regulations; and

WHEREAS, California Government Code section 8869.85 requires that a local agency file an application with the California Debt Limit Allocation Committee (CDLAC) and obtain CDLAC's authorization to issue tax-exempt multifamily housing revenue obligations; and

WHEREAS, CDLAC has allocated to the Project $24,000,000 of the 2020 State of California ceiling for private activity bonds under section 146 of the Code; and

WHEREAS, the following documents are presented for consideration:

(1) the proposed form of the Indenture of Trust (Indenture), by and between the Authority and U.S. Bank National Association (Trustee), as trustee, including the related form of the Bonds,

(2) the proposed form of Loan Agreement (Loan Agreement), by and among the Authority, the Trustee and the Borrower,

(3) the proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and among the Authority, the Borrower and the Trustee,

(4) the proposed form of the Bond Purchase Agreement (Bond Purchase Agreement), by and among the Authority, the Borrower and the Underwriter, and

(5) the proposed form of the Official Statement (Official Statement) to be used by the Underwriter in connection with the offering and sale of the Bonds; and

WHEREAS, each of the above-referenced documents is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended; and

WHEREAS, the Downtown Final Environmental Impact Report (FEIR) Consistency Evaluation was prepared for the Project in accordance with California Environmental Quality Act (CEQA) Guidelines sections 15168 and 15180. The potential impacts associated with the Project are adequately addressed in the Downtown FEIR and the FEIR for the City of San Diego Climate Action Plan and there is no change in circumstance, substantial additional information, or substantial Project changes to warrant additional environmental review; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority of the City of San Diego, as follows:

Section 1. Finding and Determination. It is found and determined that it is necessary and desirable for the Authority to provide for the financing of the acquisition, construction and development of the Project through the execution and delivery of the Bonds in order to assist

persons of very low income within the City of San Diego in obtaining decent, safe, and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Bonds. For the purpose of financing the acquisition, construction and development of the Project, the Authority hereby approves the issuance of the Bonds in one or more series, with any project designation as may be selected by a Designated Officer (as defined below), in an aggregate principal amount not to exceed $24,000,000. The Bonds shall be issued in the principal amount and shall bear interest (which shall not exceed 12% per annum) and mature (not later than 45 years from the date of execution and delivery thereof) as provided in the Indenture. The Bonds shall be in substantially the form as set forth in the Indenture, with such appropriate variations, omissions, insertions, and provisions as are required or permitted by the Indenture. The Bonds shall be special, limited obligations of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Indenture shall be paid and satisfied, solely from the revenues, receipts, and other moneys and assets pledged therefor under the Indenture.

Section 3. Execution and Delivery of the Bonds. The Bonds 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 Executive Vice President of Real Estate and Chief Strategy Officer (Executive Vice President Real Estate) of the San Diego Housing Commission (Housing Commission), the Vice President of Real Estate Finance of the Housing Commission (Vice President Real Estate Finance), or the Executive Vice President and Chief of Staff of the Housing Commission (Executive Vice President Chief of Staff), and the official seal of the Authority, or a facsimile thereof, shall be impressed or imprinted thereon and attested with the manual or facsimile signature of the Secretary or a Deputy Secretary of the Authority.

Section 4. Approval of the Indenture. The Indenture, in the form on file in the Housing Commission offices, is hereby approved. The Chairman, the Vice Chairman, the Executive Director, the Executive Vice President Real Estate, the Vice President Real Estate Finance, the Executive Vice President Chief of Staff and the Secretary or a Deputy Secretary of the Authority, or the designee of any such officer (collectively, the Designated Officers) are each hereby authorized to execute and deliver the Indenture 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 Indenture approved in this Resolution.

Section 5. Approval of Loan Agreement. The Loan Agreement, in the form on file in the Housing Commission offices, is hereby approved. The Designated Officers are each hereby authorized to execute and deliver the 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 Loan Agreement approved in this Resolution.

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Section 7. Approval of Bond Purchase Agreement. The Bonds are hereby sold to the Underwriter pursuant to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement, in the form on file in the Housing Commission offices, is hereby approved. The Designated Officers are each hereby authorized to execute and deliver the Bond Purchase 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 thereof to constitute conclusive evidence of the approval of all changes from the form of the Bond Purchase Agreement approved at this meeting.

Section 8. Approval of Official Statement. The Underwriter is hereby authorized to distribute a preliminary Official Statement, in substantially the form placed on file with the Authority, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as any Designated Officer, with advice of counsel to the Authority, deems desirable, necessary or appropriate.

Section 9. Actions Ratified and Authorized. All prior actions taken by the officers, employees, and agents of the Authority with respect to the issuance and sale of the Bonds are approved, confirmed, and ratified, and the Designated Officers are each authorized, for and in the name and on behalf of the Authority, to 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, that they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and the making of the Mortgage Loan pursuant to the Loan Agreement in accordance with the Act and this Resolution.

Section 10. 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 Bonds and the lending program financed by the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any amendment of such documents, any transfer of the Project, any substitution of security for the Bonds, or any prepayment or redemption of the Bonds, 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 that such officer may deem necessary or desirable to further the purposes of this Resolution. No documents authorized by this resolution shall be executed and delivered until final passage of the TEFRA Resolution.

Section 11. 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 12. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
06/01/2020
Or. Dept.: SDHC
Doc. No.: 2394535

The City of San Diego
Item Approvals

Item Subject: Tax Equity & Fiscal Responsibility Act Public Hearing – Courthouse Commons

| **Contributing Department** | Approval Date |
|---|---|
| DOCKET OFFICE | 05/20/2020 |

| Approving Authority | Approver | Approval Date |
|---|---|---|
| HOUSING COMMISSION FINAL DEPARTMENT APPROVER | MARSHALL, SCOTT | 05/19/2020 |
| EXECUTIVE VICE PRESIDENT | DAVIS, JEFF | 05/20/2020 |
| CITY ATTORNEY | MIDDAUGH, MARGUERITE | 06/02/2020 |