



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: November 4, 2021

REPORT NO: HAR21-022

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of December 7, 2021

SUBJECT: Final Bond Authorization for ShoreLINE Apartments

COUNCIL DISTRICT: 7

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds in an amount not to exceed \$31,483,880 and a taxable bond not to exceed \$27,000,000 to fund Grantville Trolley Family Housing L.P.'s construction of ShoreLINE Apartments, a new affordable rental housing development at 4470 Alvarado Canyon Road, San Diego, in the Grantville neighborhood, which will consist of 124 units that will remain affordable units for 55 years for individuals and families earning between 30 percent and 60 percent of the San Diego Area Median Income (AMI) and two unrestricted managers' units.

STAFF RECOMMENDATIONS

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions as described in this report:

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount not to exceed \$31,483,880, and a taxable bond not to exceed \$27,000,000, to fund Grantville Trolley Family Housing L.P.'s construction of ShoreLINE Apartments (ShoreLINE), a new affordable rental housing development to be located at 4470 Alvarado Canyon Road, San Diego, in the Grantville neighborhood, which will consist of 124 affordable units for 55 years for individuals and families earning between 30 percent and 60 percent of the San Diego Area Median Income (AMI), plus two managers' unrestricted units.
- 2) Authorize the San Diego Housing Commission (Housing Commission) President & CEO, or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel of the Housing Authority and of the Housing Commission and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel. Housing Commission staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the transaction, and other required documents, including amendments to any documents.

SUMMARY

A development summary is included as Attachment 1.

Table 1 – Development Details

Address	4470 Alvarado Canyon Road
Council District	Council District 7
Community Plan Area	Navajo Community Planners
Developer	Affirmed Housing Group
Development Type	New Construction
Construction Type	Five-story residential Type III over two stories of Type I concrete podium parking
Parking Type	Subterranean parking garage with 54 parking spaces plus 12 surface parking spaces
Mass Transit	Grantville Trolley Station is adjacent to the site
Housing Type	Multifamily
Lot Size	1.06 Acres (46,174 square feet)
Units	126
Density	119 dwelling units per acre (126 units ÷ 1.06 acres)
Unit Mix	38 studios, 23 one-bedroom units, 31 two-bedroom units, 32 three-bedroom units, and 1 two-bedroom plus 1 three-bedroom managers' unrestricted units
Gross Building Area	153,214 square feet
Net Rentable Area	84,667 square feet
Commercial/Retail Space	None
Project-Based Housing Vouchers (PBV)	25 PBV for extremely low- and low-income residents earning between 30 percent to 60 percent of AMI (not for permanent supportive housing for individuals who experienced homelessness). The vouchers are reserved for 10 studios, 10 one-bedroom units, 4 two-bedroom units, and 1 three-bedroom unit.

Background

On January 14, 2021, and January 26, 2021, the Housing Commission (Report No. HCR21-018) and the Housing Authority (Report No. HAR21-004; Resolution No. HA-1896) approved taking certain preliminary steps to authorize the issuance of up to \$36,500,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the new construction of ShoreLINE Apartments.

On August 11, 2021, the California Debt Limit Allocation Committee (CDLAC) approved a \$31,483,880 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

On January 26, 2021, the San Diego City Council (City Council) held a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and unanimously approved Resolution No. R-313423 that, pursuant to Section 147(f) of the Internal Revenue Code of 1986, approved the issuance of up to \$36,500,000 of Multifamily Housing Revenue Bonds, by the Housing Authority to fund the

development of ShoreLINE Apartments. The resulting TEFRA approval is valid until January 26, 2022. The developer currently estimates closing by the end of December 2021. However, in the event that closing is delayed beyond January 26, 2022, a new TEFRA hearing will be needed. As a preemptive contingency, it is proposed that a new TEFRA hearing be held at this time.

The Development

ShoreLINE Apartments (ShoreLINE) is a new construction, multifamily housing development in the Grantville community of San Diego at the Grantville Trolley Station on Alvarado Canyon Road, north of Interstate 8, with a current address of 4470 Alvarado Canyon Road (Attachment 2 – Site Map). The community will consist of 126 studio, one-, two-, and three-bedroom units, along with associated common areas, parking, and landscape improvements, which will replace an existing Metropolitan Transit System (MTS) parking lot. Resident services will be provided by Compass for Affordable Housing. ConAm is the property manager. Affirmed Housing Group is the sole developer.

ShoreLINE will be located on a 1.06-acre parcel at the center of the Greystar master-planned community to be developed in the Grantville community. This master-planned community is adjacent to the Grantville Trolley Station along Alvarado Canyon Road.

The proposed building will be set on the western half of the current MTS parking lot site. On the MTS site's eastern portion, Greystar, a third-party developer, proposes to construct a market-rate development building geared to students. The two proposed buildings will be centered on the MTS lot to create bike and pedestrian paths around the buildings, forming routes of connection between the trolley/bus station to the south and the Alvarado Creek area that is to the north and west.

The development includes 12 surface parking spaces and a parking garage with 54 parking spaces. The ground level of the building will include residential units, parking, bike storage, staff offices, and an assembly and entertainment area with outdoor patios. The upper levels will include residential units, a laundry room, and a 5,800-square-foot podium-level courtyard. Amenities will include shaded outdoor gathering spaces with built-in seating, children's play areas, and a community barbecue area. Access to the building will be electronically monitored 24 hours a day. The project design encourages public pedestrian and bike activity throughout the grounds, while maintaining secure access for residents.

The Property

MTS has held the project site since the early 2000s and developed the site's southern portion to serve the MTS Grantville trolley station. In late 2017, Affirmed approached MTS with the concept to redevelop the parking lot at the station with residential uses. The groups entered an exclusive negotiation agreement on August 31, 2018, that outlined the steps to reach a disposition and development agreement (DDA). The DDA was executed on July 10, 2019, and contains the following terms:

- The project shall enter into a 99-year ground lease with MTS upon the closing of construction financing for the project; and
- Rent shall be an amount equal to 5 percent of annual net cash flow, subject to availability after all project operational expenses, including debt service, have been paid.

The project site is regulated by the Navajo Community Plan, which encourages development of multifamily residential housing. ShoreLINE as currently designed follows all the guidelines set out in the community plan, and therefore, no discretionary planning approvals are required or applicable to the project. The

developer engaged the City of San Diego in a preliminary review process with the Development Services Department (DSD), which concluded that the project may proceed by-right, using a process one ministerial review. No authorizations are needed beyond the normal grading and building permits.

Transit Information

ShoreLINE is adjacent to the MTS Grantville trolley station.

Prevailing Wages

The development proposes to use U.S. Department of Housing and Urban Development (HUD) federal PBVs, administered by the Housing Commission, which will require the project to pay Davis-Bacon prevailing wages. The proposed use of State Housing and Community Development Transit Oriented Development (TOD) program funds will not require payment of State of California prevailing wages because the California Department of Industrial Relations (DIR) has concluded that certain tax-exempt bond financing mechanisms used for multifamily housing projects are exempt from prevailing wage requirements. This state prevailing wages issue is discussed in the following:

- Public Works Case No. 2004-016, Rancho Santa Fe Village Senior Affordable Housing Project (Feb. 25, 2005) which involved conduit bond financing, and
- Public Works Case No. 2004-049, Silverado Creek Family Apartments (May 27, 2005) (involving private placement bonds). The DIR explained that these bond financing mechanisms do not involve “*the payment of money or the equivalent of money by the state or political subdivision*” and do not require the payment of prevailing wages under California Labor Code section 1720(b)(1) because the bond proceeds never enter the public agency’s coffers.

Relocation

The property is vacant. No relocation is necessary.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and an additional 4 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. The ShoreLINE units will be accessible in accordance with the Americans with Disabilities Act.

Project Sustainability

The development will be built as Green Point Rated to comply with CTCAC minimum energy efficiency construction standards for new construction. The roof design optimizes square footage to allow maximum area to install the solar photovoltaic system. Water conservation will be promoted via low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use native-plants landscaping with water-efficient irrigation controls. A January 11, 2019, phase I environmental site assessment determined that no current Recognized Environmental Conditions exist.

Development Team

Affirmed is an award-winning, San Diego-based, for-profit development company that specializes in affordable housing. Since its inception in 1992, Affirmed has completed and is under construction on a total of 61 communities with more than 4,700 affordable rental and for-sale apartments and homes. The Affirmed pipeline of projects currently includes more than 1,300 apartments throughout California, each at various stages of development. Affirmed has secured more than \$1.85 billion of tax credit,

conventional, and other financing for affordable housing projects since 1992. Recent developments include new construction as well as acquisition and substantial rehabilitation in San Diego, Los Angeles, Riverside, Orange, Santa Clara and Alameda counties. Recent notable projects in City of San Diego include the 88-unit Link apartments, 160-unit Bluewater & Stella Apartments and the 85-unit Zephyr Apartments. Affirmed has successfully developed multiple affordable rental housing developments in San Diego using Housing Commission loan funds and is in full compliance on its previous Housing Commission-funded loans. Based upon the developer’s past experience and performance, Housing Commission staff has determined that the developer has the capacity to successfully complete the proposed ShoreLINE development.

The proposed borrower will be Grantville Trolley Family Housing L.P., which will include AHG Grantville LLC as Administrative General Partner, CFAH Housing LLC as Managing General Partner, and Boston Financial as the tax credit investor limited partner (Attachment 3 – Organization Chart).

Supportive Services

The development’s tenant supportive services will be provided by Compass for Affordable Housing. Founded in 2009 and broadened to Compass for Affordable Housing (Compass) in 2018, Compass is an inclusive organization providing support to those with low income residing in affordable housing. Utilizing technology, Compass shares educational information with a diverse group of individuals who may lack access to pertinent information that can help them achieve success. Compass is the connection between these individuals and pertinent social information.

Table 2 - Development Team Summary

<u>ROLE</u>	<u>FIRM/CONTACT</u>
Developer	Affirmed Housing Group, Inc.
Owner/Borrower	Grantville Trolley Family Housing, L.P.
Managing General Partner	Affirmed Housing Group, Inc.
Administrative General Partner	AHG Grantville LLC
Tax Credit Investor Limited Partner	Boston Financial
Architect	Studio E Architects
General Contractor	HA Builder Group
Property Management	ConAm Management Corp (ConAm)
Construction and Permanent Lender	Zions Bancorporation N.A. dba California Bank & Trust
Tenant Services Provider	Compass for Affordable Housing

Property Management

This development will be managed by ConAm, a full-service property management organization specializing in multifamily affordable housing. ConAm has provided property management services for affordable housing developments for more than 40 years and operates in multiple California cities.

Housing Commission Board of Commissioners Action

On November 12, 2021, the Housing Commission Board of Commissioners voted 4-0 to recommend that the Housing Authority take the staff-recommended actions and that the San Diego City Council hold a

Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, and adopt a resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount not to exceed \$31,483,880, to facilitate the new construction of ShoreLINE.

FINANCING STRUCTURE

ShoreLINE has an estimated total development cost of \$62,703,426 (\$497,646/unit). Financing will include a combination of sources as described in Table 3. The developer’s project pro forma is included as Attachment 4 and summarized below. No Housing Commission cash loan funds are proposed for ShoreLINE.

Table 3 – The ShoreLINE Apartments Estimated Sources and Uses of Financing

Financing Sources	Amounts	Financing Use	Amounts	Per Unit
Permanent tax-exempt loan	\$15,683,021	Property	\$1	\$0.001
State Housing & Community Development Transit-Oriented Development loan	10,000,000	Construction \$42,843,506 Contingency +4,712,785 Subtotal 47,556,291	47,556,291	377,431
4 percent tax credit equity	28,252,988	Financing costs	3,777,008	29,976
State of California tax credit equity	7,767,417	Architecture and Engineering	2,580,500	20,480
Deferred developer fee	1,000,000	Reserves	555,000	4,405
		Local permits and fees	2,086,527	16,560
		Soft costs contingency	820,528	6,512
		Other soft costs	1,827,571	14,504
		Developer’s fee	3,500,000	27,778
Total Sources	\$62,703,426	Total Uses	\$62,703,426	\$497,646

Developer Fee

\$3,500,000 – gross developer fee (in compliance with CTCAC and CDLAC regulations)
 - 1,000,000 – minus deferred developer fee; paid out of developer’s share of residual cash
 \$2,500,000 – net cash 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 bond issuances. Attachment 1 to that report stated: “Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....” The developer is proposing a \$3,500,000 preliminary developer fee associated with the residential portion of development, 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.

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	$\$62,703,426 \div 126 \text{ units} =$	\$497,646
Housing Commission Subsidy Per Unit	$\$0 \div 126 \text{ units} =$	\$0
Acquisition Cost Per Unit	$\$1 \div 126 \text{ units} =$	\$0.01
Gross Building Square Foot Hard Cost	$\$47,556,291 \div 153,214 \text{ sq. ft.} =$	\$310
Net Rentable Square Foot Hard Cost	$\$47,556,291 \div 84,667 \text{ sq. ft.} =$	\$562

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 similar developments.

Table 5 – Comparable Development Projects

Development	Year	Unit Mix Construction	Units	Total Development Cost	TDC Cost Per Unit	SDHC Subsidy	Gross Building Hard Cost per Square Foot
Subject: ShoreLINE	2021	38 studios, 23 ones, 31 twos, 32 threes, +2 managers'	126	\$62,703,426 (with prev. wage)	\$497,646	\$0	\$310
Aquila	2021	24 ones, 77 twos, 77 threes, +2 managers'	180	\$81,971,871 (w/o prev. wage)	\$455,399	\$0	\$352
Cortez Hill	2021	79 ones, 8 twos, +1 manager's	88	\$43,647,979 (with prev. wage)	\$496,000	\$56,818	\$526
Southwest Village	2021	20 ones, 29 twos, 21 threes, + 1 manager's	81	\$40,314,147 (with prev. wage)	\$497,706	\$0	\$367
Levant Senior Cottages	2021	108 studios, 18 ones, +1 manager's	127	\$51,642,254 (with prev. wage)	\$406,632	\$47,244	\$739
Nestor Senior	2021	73 studios, +1 manager's	74	\$31,510,305 (with prev. wage)	\$425,815	\$45,000	\$363

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

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.

On January 14, 2021, and January 26, 2021, prior to submitting applications to CDLAC, the proposed development was presented to the Housing Commission (Report HCR21-018) and the Housing Authority (Report No. HAR21-004; Resolution No. HA-1896), respectively. A bond inducement resolution was obtained prior to application submittal to CDLAC. On February 4, 2021, an application was submitted to CDLAC for a \$36,500,000 bond allocation. On April 28, 2021, CDLAC approved a \$31,483,880 bond allocation, and CTCAC approved an allocation of 4 percent tax credits.

The developer proposes that the bonds be issued 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 bonds disclosure. In addition, the developer proposes that the Housing Authority issue an estimated \$24,567,507 in taxable obligations but not to exceed \$27,000,000. This does not require an allocation from CDLAC. The financing amount that will ultimately be set will be based upon development costs, revenues, and interest rates prevailing at the time of the bonds issuance. The financing proceeds will be used for both construction financing and permanent financing.

Attachment 5 provides 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.

Public Disclosure and Bond Authorization

The bonds will be issued in two series. The first series will be a \$31,483,880 tax-exempt bond (Series 2021 D-1) and the second series will be an estimated up to \$27,000,000 taxable bond (Series 2021 D-2).

The tax-exempt bonds, will be sold through a private placement, purchased initially by Zions Bancorporation N.A. dba California Bank & Trust (CBT), and the taxable bonds will be sold through a private placement purchased directly by CBT. CBT is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, CBT will sign an "Investor's Letter" certifying, among other things, that it is buying the bonds for its own account and not for public distribution. Because the bonds are being sold through a private placement, an Official Statement will not be used. In addition, the bonds will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated.

Transfer of the bonds to any subsequent bondholder will comply with Housing Commission policy number PO300.301. Moreover, any subsequent bondholder would be required to represent to the Housing Authority that they are a qualified institutional buyer or accredited investor who is buying the bonds for investment purposes and not for resale, and that they have made due investigation of any material information necessary in connection with the purchase of the bonds.

The following documents will be executed on behalf of the Housing Authority: Indenture, Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other loan documents. At the time of docketing, bond documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's Office and Bond Counsel.

The bonds will be issued pursuant to an Indenture between the Housing Authority and US Bank as the Trustee. Based upon instructions contained in the Indenture, or similar document, the Trustee will disburse bond proceeds for eligible costs, collect project revenues and make payments to the bondholder. Under the terms of the Loan Agreement, the Housing Authority will loan the proceeds of the bonds to the borrower in order to develop the project. The Loan Agreement sets out the terms of repayment and the security for the loan, and the Housing Authority assigns its rights to receive repayments under the loan to the Trustee. An Assignment of Deed of Trust and other Loan Documents, which assigns the Housing Authority's rights and responsibilities as the bond issuer to the Trustee, will be signed by the Housing Authority and the Trustee. Rights and responsibilities that are assigned to the

Trustee include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by the Trustee to protect its financial interests. A Regulatory Agreement will be recorded against the property to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws.

Financial Advisor’s Recommendation

Orrick Herrington & Sutcliffe will be the Bond Counsel and Ross Financial will be the Financial Advisor to work on the tax-exempt bond issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor’s recommendation that the Housing Authority should proceed with the bond issuance. The Financial Advisor’s analysis and recommendation is included as Attachment 6.

AFFORDABLE HOUSING IMPACT

Project-Based Vouchers (PBV)

Housing Commission has provided a preliminary award recommendation of 25 PBVs for extremely low income households at or below 30 percent AMI to ShoreLINE. The preliminary recommendation for these vouchers is contingent upon completion of a subsidy layering review and execution of an Agreement to Enter into Housing Assistance Payment. Under the voucher program, the tenant’s rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents in ShoreLINE’s 25 voucher-assisted units. The PBV units include 10 studios, 10 one-bedroom units, four two-bedroom units, and one three-bedroom unit. The tenants will be selected from the Housing Commission’s low-income PBV Wait List.

Affordability

Under the proposed financing, the ShoreLINE development will be subject to applicable tax credit and bond regulatory agreements, which will restrict affordability of 124 units for 55 years. The rent and occupancy restrictions required by the CTCAC will be applicable.

Table 6 – ShoreLINE Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Studios (Project Based Voucher Units)	30%	10	\$636
Studios (321 to 497 sq. ft.)	30%	12	\$636
Studios (321 to 497 sq. ft.)	40%	4	\$849
Studios (321 to 497 sq. ft.)	50%	12	\$1,061
Subtotal Studio Units	--	38	--
One Bedrooms (Project Based Voucher Units)	30%	10	\$682
One Bedrooms (534 to 616 sq. ft.)	50%	13	\$1,136
Subtotal One Bedroom Units	--	23	--

Two Bedrooms (Project Based Voucher Units	30%	4	\$818
Two Bedrooms (682 to 819 sq. ft.)	50%	2	\$1,363
Two Bedrooms (682 to 819 sq. ft.)	60%	25	\$1,636
Subtotal Two Bedroom Units	--	31	--
Three Bedrooms (Project Based Units)	30%	1	\$945
Three Bedrooms (828 to 1,039 sq. ft.)	50%	12	\$1,575
Three Bedrooms (828 to 1,039 sq. ft.)	60%	19	\$1,890
Subtotal Three Bedroom Units	--	32	--
Managers' Units	NA	2	--
Total Units	--	126	--

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action were not included in the Housing Authority-approved Fiscal Year (FY) 2022 Housing Commission Budget.

Estimated funding sources approved by this action will be as follows:

Tax-exempt Bond Issuance Fees - \$78,710 (.0025 tax-exempt bond issuer fee x \$31,483,880 = \$78,710)
 Taxable Bond Issuance Fees - \$61,419 (.0025 tax-exempt bond issuer fee x \$24,567,507 = \$55,000)
 Total Bond Issuance Fees = \$140,129

Estimated funding uses approved by this action will be as follows:

Administration Costs – \$140,129

Approval of the bond inducement and TEFRA resolutions do 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 Counsel and Financial Advisor fees.

Development Schedule

The estimated development timeline is as follows.

Milestones	Estimated Dates
Housing Authority consideration of final bond authorization	December 7, 2021
Estimated bond issuance and escrow closing	December 21, 2021
Estimated start of construction work	December 30, 2021
Estimated completion of construction work	November 2023

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

ShoreLINE is a by-right project and is consistent with the base zone regulations and supplemental development regulations. A formal community group review is not required for a by-right project per City of San Diego guidelines. However, in January 2019 and November 2019, Affirmed presented the ShoreLINE project as an information item to the Navajo Community Planners and was well received with public commenters repeatedly supporting the housing proposal.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Affirmed Housing Group and the residents of the Grantville community. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 124 new affordable rental homes for low-income individuals and families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 7.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

In May 2015 the City of San Diego Planning Department certified the Final Environmental Impact Report No. 346289/SCH No. 2013111017 and adopted a Mitigation Monitoring and Reporting Program for the Grantville Focused Plan Area. ShoreLINE is located within the Grantville FPA. That Environmental Impact Report was prepared for this area pursuant to the provisions of the California Environmental Quality Act (CEQA), and a Mitigation, Monitoring, and Reporting plan was adopted for this area. In connection with this bond action, an analysis has determined that there is no substantial change in the project or circumstances or new information that would require further additional environmental review, which determination was made by the Housing Commission. Such analysis by the Housing Commission was done pursuant to the provisions of CEQA Guidelines Section 15162.

National Environmental Policy Act

Federal funds will constitute a portion of the funding for the project. A final reservation of federal funds shall occur only upon satisfactory completion of the environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The parties agree that the provision of any federal funds to the project is conditioned on the City of San Diego's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review under NEPA. Final NEPA approval was obtained from the City of San Diego on June 8, 2020.

Respectfully submitted,

Colin Miller
Colin Miller

Approved by,

Jeff Davis
Jeff Davis

Vice President
Multifamily Housing Finance
Real Estate Division

Deputy Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Development Summary
2) Site Map
3) Organization Chart
4) Developer's Project Pro forma
5) Multifamily Housing Revenue Bond Program
6) Financial Advisor's Analysis
7) Developer Disclosure Statement

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

Development Summary – ShoreLINE Apartments**Table 1 – Development Details**

Address	4470 Alvarado Canyon Road
Council District	Council District 7
Community Plan Area	Navajo Community Planners
Developers	Affirmed Housing Group
Development Type	New Construction
Construction Type	Five-story residential Type III over two stories of Type I concrete podium parking
Parking Type	Subterranean parking garage with 54 parking spaces plus 12 surface parking spaces
Housing Type	Multifamily
Lot Size	1.06 Acres (46,060 square feet)
Units	126
Density	119 dwelling units per acre (126 units ÷ 1.06 acres)
Unit Mix	38 studios, 23 one-bedroom units, 31 two-bedroom units, 32 three-bedroom units, and 12 two-bedroom plus 1 three-bedroom managers' unrestricted units
Gross Building Area	153,214 square feet
Net Rentable Area	84,667 square feet
Commercial/Retail Space	None
Project-Based Housing Vouchers	25 Non-PSH project based vouchers PBV targeted for extremely low- and low-income residents earning between 30 percent to 60 percent of AMI (not for permanent supportive housing for individuals who experienced homelessness). The vouchers are reserved for 10 studios, 10 one-bedroom units, 4 two-bedroom units, and 1 three-bedroom unit.

Table 2 - Development Team Summary

ROLE	FIRM/CONTACT
Developers	Affirmed Housing Group, Inc.
Owner/Borrower	Grantville Trolley Family Housing, L.P.

Managing General Partner	Affirmed Housing Group, Inc.
Administrative General Partner	AHG Grantville LLC
Tax Credit Investor Limited Partner	Boston Financial
Architect	Studio E Architects
General Contractor	HA Builder Group
Property Management	ConAm Management Corp (ConAm)
Construction and Permanent Lender	Zions Bancorporation N.A. dba California Bank & Trust
Tenant Services Provider	Compass for Affordable Housing

Table 3 –Estimated Sources and Uses of Financing

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent Loan	\$15,683,021	Land acquisition:	\$1	\$0.001
Transit-Oriented Development HCD	10,000,000	Construction cost and contingency	47,556,291	377,431
State Tax Credit Equity	7,767,417	Financing costs	3,777,008	29,976
4% Tax Credit Equity	28,252,988	Architecture and Engineering	2,580,500	20,480
Deferred Dev. Fee	1,000,000	Reserves	555,000	4,405
		Local permits and fees	2,086,527	16,560
		Soft costs contingency	820,528	6,512
		Other soft costs	1,827,571	14,504
		Developer's fee	3,500,000	27,778
Total Sources	\$62,703,426	Total Uses	\$62,703,426	\$497,646

Table 4 – Key Performance Indicators

Development Cost Per Unit	\$62,703,426 ÷ 126 units =	\$497,646
Housing Commission Subsidy Per Unit	\$0	\$0
Acquisition Cost Per Unit	\$1 ÷ 126 units =	\$0.01
Gross Building Square Foot Hard Cost	\$47,556,291 ÷ 153,214 sq. ft. =	\$310
Net Rentable Square Foot Hard Cost	\$47,556,291 ÷ 84,667 sq. ft. =	\$562

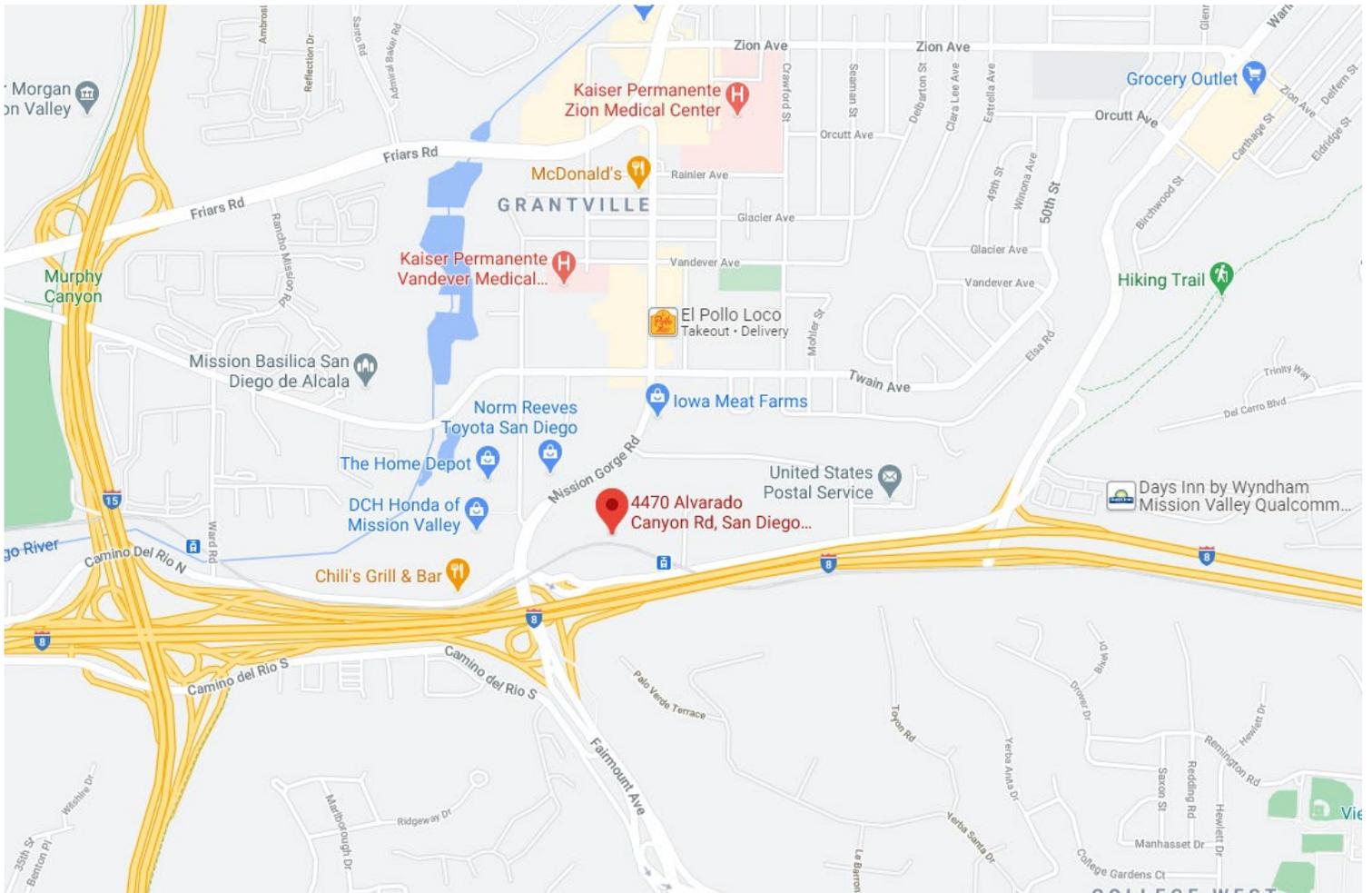
Table 5 – Comparable New Construction Projects

Development	Year	Unit Mix Construction	Units	Total Development Cost	TDC Cost Per Unit	SDHC Subsidy	Gross Building Hard Cost per Square Foot
Subject: – ShoreLINE	2021	38 studios, 23 ones, 31 twos, 32 threes, +2 managers'	126	\$62,703,426 (with prev. wage)	\$497,646	\$0	\$310
Aquila	2021	24 ones, 77 twos, 77 threes, +2 managers'	180	\$81,971,871 (w/o prev. wage)	\$455,399	\$0	\$352
Cortez Hill	2021	79 ones, 8 twos, +1 manager's	88	\$43,647,979 (with prev. wage)	\$496,000	\$56,818	\$526
Southwest Village	2021	20 ones, 29 twos, 21 threes, +1 manager's	81	\$40,314,147 (with prev. wage)	\$497,706	\$0	\$367
Levant Senior Cottages	2021	108 studios, 18 ones, +1 manager's	127	\$51,642,254 (with prev. wage)	\$406,632	\$47,244	\$739
Nestor Senior	2021	73 studios, +1 manager's	74	\$31,510,305 (with prev. wage)	\$425,815	\$45,000	\$363

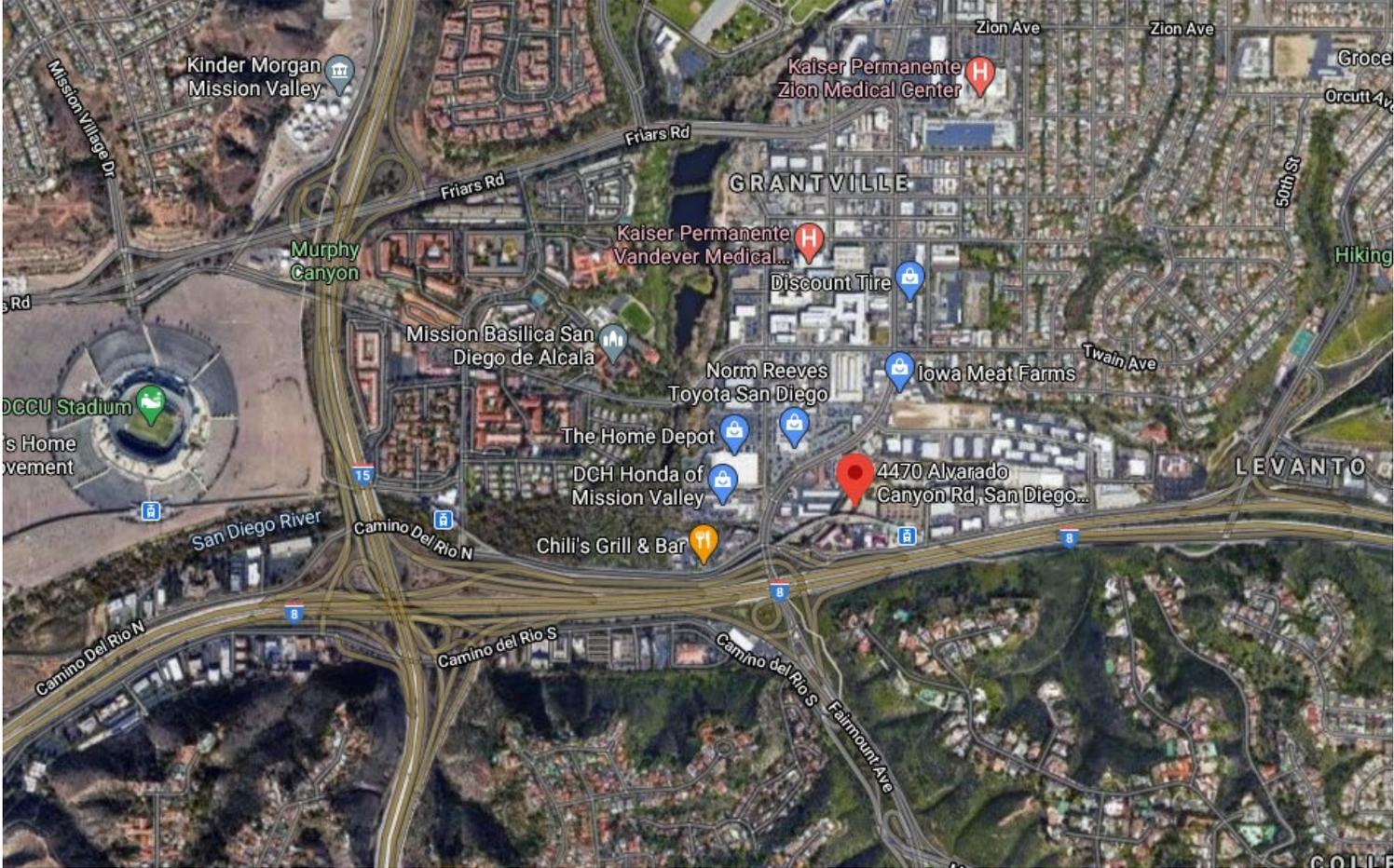
Table 6 – Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Studios (Project Based Voucher Units)	30%	10	\$636
Studios (321 to 497 sq. ft.)	30%	12	\$636
Studios (321 to 497 sq. ft.)	40%	4	\$849
Studios (321 to 497 sq. ft.)	50%	12	\$1,061
Subtotal Studio Units	--	38	--
One Bedrooms (Project Based Voucher Units)	30%	10	\$682
One Bedrooms (534 to 616 sq. ft.)	50%	13	\$1,136
Subtotal One Bedroom Units	--	23	--
Two Bedrooms (Project Based Voucher Units)	30%	4	\$818
Two Bedrooms (682 to 819 sq. ft.)	50%	2	\$1,363
Two Bedrooms (682 to 819 sq. ft.)	60%	25	\$1,636
Subtotal Two Bedroom Units	--	31	--
Three Bedrooms (Project Based Units)	30%	1	\$945
Three Bedrooms (828 to 1,039 sq. ft.)	50%	12	\$1,575
Three Bedrooms (828 to 1,039 sq. ft.)	60%	19	\$1,890
Subtotal Three Bedroom Units	--	32	--
Managers' Units	NA	2	--
Total Units	--	126	--

Attachment 2 – ShoreLINE Apartments Site Map



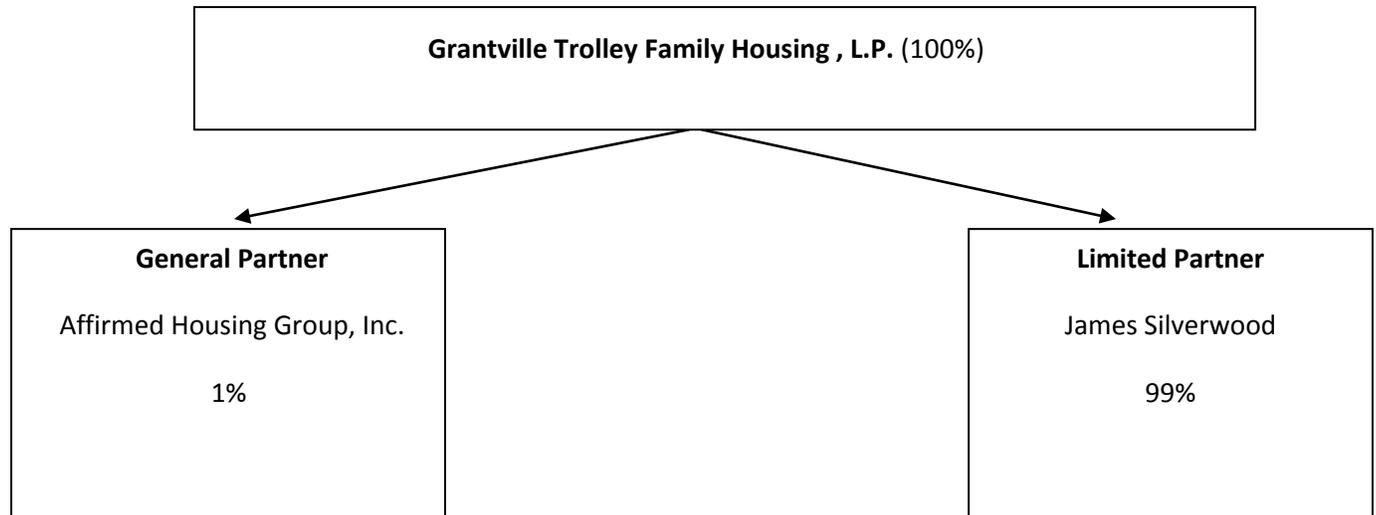
ShoreLINE Apartments Site Map (aerial)



Grantville Trolley Family Housing, L.P.

EXISTING OWNERSHIP STRUCTURE:

Affirmed Housing Group, Inc., a Delaware for-profit corporation, has formed a Limited Partnership that is the 100% ownership entity of the affordable housing project. Affirmed Housing Group currently owns 1% interest, and James Silverwood has 99% interest in the limited partnership. The ownership structure will change to admit a Non-Profit Managing General Partner and an Equity Investor upon construction loan closing.



OFFICERS AND/OR MANAGERS RESPONSIBLE FOR THE PROJECT:

1. James Silverwood
President
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
2. Jimmy Silverwood
Executive Vice President
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
3. Marie Allen
Project Manager Affirmed
Housing Group, Inc. 13520
Evening Creek Dr. N, #160 San
Diego, CA 92128

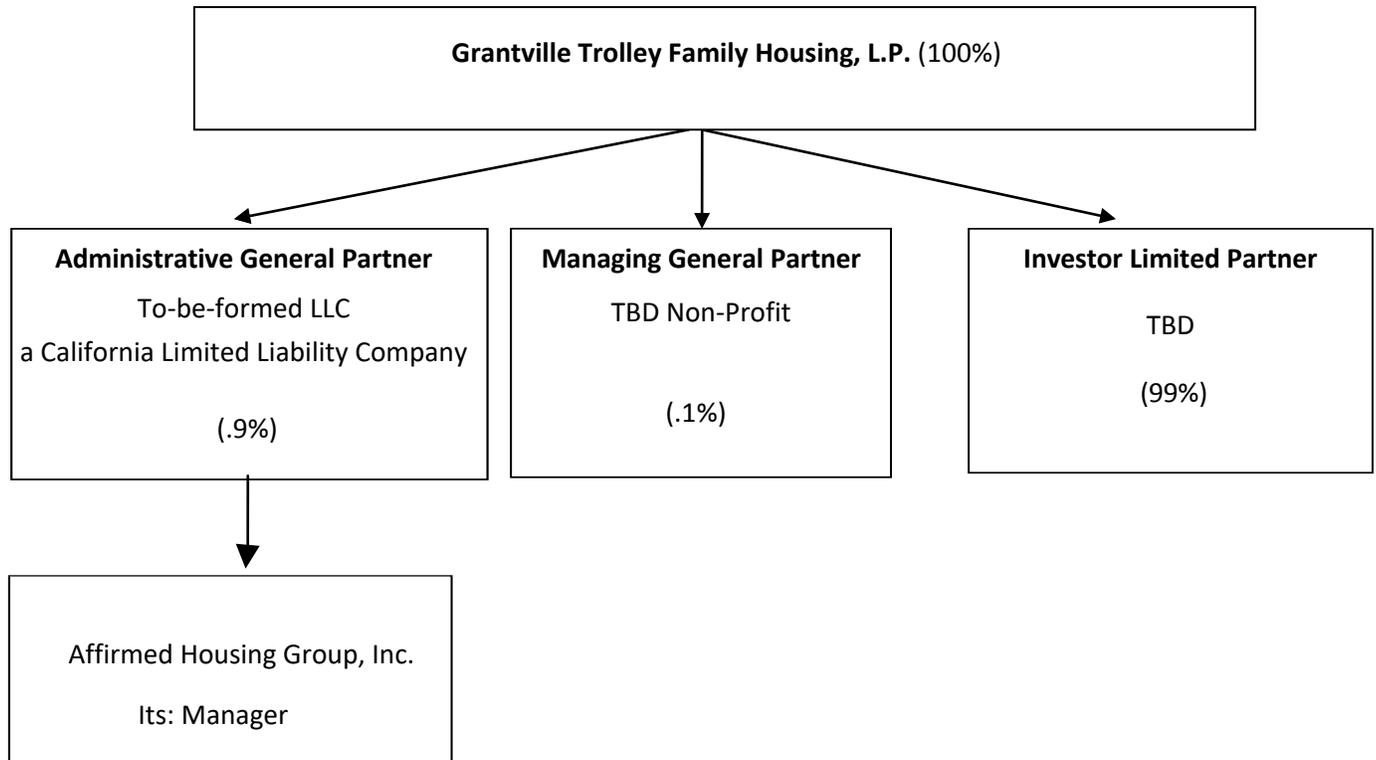
Affirmed Housing Group, Inc. will act as the General Partner in the development of the affordable housing project. Affirmed Housing Group's role in the development will be to obtain all the necessary funding to develop and operate the project, process entitlements, select consultants, General Contractor and property management company, oversee architectural design, construction management and other aspects of the development process as well as manage the limited partnership for the life of the project.

Grantville Trolley Family Housing, L.P.

OWNERSHIP STRUCTURE:

Limited Partnership

Affirmed Housing Group, Inc., a Delaware for-profit corporation, has formed a Limited Partnership that will be the 100% ownership entity of the affordable housing project. A To-Be-Formed LLC, California Single purpose entity will be the Administrative General Partner, and will own .9% interest, the Investor Limited Partner will have 99% interest in the limited partnership, and the Managing General Partner will own .1% of the limited partnership.



OFFICERS AND/OR MANAGERS RESPONSIBLE FOR THE PROJECT:

1. James Silverwood
President
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
2. Jimmy Silverwood
Vice President of Acquisitions & Development
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128
3. Marie Allen
Project Manager
Affirmed Housing Group, Inc.
13520 Evening Creek Dr. N, #160
San Diego, CA 92128

Affirmed Housing Group, Inc. will act as the General Partner in the development of the affordable housing project. Affirmed Housing Group's role in the development will be to obtain all the necessary funding to develop and operate the project, process entitlements, select consultants, General Contractor and property management company, oversee architectural design, construction management and other aspects of the development process as well as manage the limited partnership for the life of the project.

Attachment 4

ShoreLINE (AKA Grantville Trolley Affordable)

Exact address TBD: 4470 Alvarado Canyon Road, San Diego, CA 92120

126 Large Family Workforce Apartments (30-80% AMI)

5 stories wood frame over 2 stories concrete on sloping grade

4% + State Tax Credits + TOD + MTS Ground Lease + 25 SDHC Regular PBVs

10/21/2021

SOURCES

Name of Lender/Source	Amount of Funds	Per Unit	%
Conventional Permanent Loan	\$ 15,683,021	124,468	25.0%
Transit Oriented Development (HCD)	\$ 10,000,000	79,365	15.9%
Deferred Developer Fee	\$ 1,000,000	7,937	1.6%
Federal Tax Credit Equity	\$ 28,252,988	224,230	45.1%
State Tax Credit Equity	\$ 7,767,417	61,646	12.4%
TOTAL SOURCES	\$ 62,703,426	497,646	100.0%

USES

Total New Construction Costs	\$ 42,843,507	340,028	68.3%
Hard Cost Subtotal	\$ 42,843,507	340,028	68.3%
Construction Contingency	\$ 4,712,785	37,403	7.5%
Architecture & Engineering	\$ 2,580,500	20,480	4.1%
Construction Interest & Fees	\$ 2,545,950	20,206	4.1%
Capitalized Reserves	\$ 475,000	3,770	0.8%
Taxes & Insurance	\$ 430,000	3,413	0.7%
Cost of Issuance	\$ 300,000	2,381	0.5%
Construction Services	\$ 100,000	794	0.2%
Escrow & Title	\$ 80,000	635	0.1%
Legal Fees	\$ 309,999	2,460	0.5%
Devel Impact Fees & Permits	\$ 2,086,527	16,560	3.3%
Tax Credit Fees	\$ 138,630	1,100	0.2%
Misc. Soft Costs	\$ 1,780,000	14,127	2.8%
Soft Cost subtotal	\$ 10,826,606	85,925	17.3%
Soft Cost Contingency	\$ 820,528	6,512	1.3%
Developer Fee	\$ 3,500,000	27,778	5.6%
TOTAL USES	\$ 62,703,426	497,646	100.0%

FINANCING ASSUMPTIONS

Permanent Loan Amount	\$15,683,021
Permanent Loan Interest Rate	3.75%
Permanent Loan Term (yr.)	18
Permanent Loan Amort (yr.)	35
Net Operating Income	\$1,018,024
Debt Service	\$847,301
Debt Coverage Ratio	1.20
Tax Exempt Construction Loan Amount	\$31,483,880
Construction Loan Interest Rate	2.85%
Construction Loan Term (mo.)	29
Loan to Value	50.21%
Taxable Construction Loan Amount	\$24,567,507
Taxable Loan Interest Rate	2.85%

INCOME

Type	Qty.	%AMI	Net income	Total Income
Studio-PBV	10	30%	\$ 1,453	\$ 14,530
Studio	12	30%	\$ 604	\$ 7,248
Studio	4	40%	\$ 817	\$ 3,268
Studio	12	50%	\$ 1,029	\$ 12,348
1BR-PBV	10	30%	\$ 1,610	\$ 16,100
1BR	13	50%	\$ 1,095	\$ 14,235
2BR-PBV	4	30%	\$ 2,091	\$ 8,364
2BR	2	50%	\$ 1,314	\$ 2,628
2BR	25	60%	\$ 1,587	\$ 39,675
3BR-PBV	1	30%	\$ 2,869	\$ 2,869
3BR	12	50%	\$ 1,521	\$ 18,252
3BR	19	60%	\$ 1,836	\$ 34,884
2BR MGR	1		\$ -	\$ -
3BR MGR	1		\$ -	\$ -
TOTAL	126			\$ 174,401
Annual Residential Income				\$ 1,799,220
Excess PBV Income				\$ 293,592
Other Income				\$ 13,392
Total Gross Annual Income				\$ 2,106,204
Vacancy @ 5.0%				\$ (104,641)
TOTAL NET ANNUAL INCOME				\$ 2,001,563

EXPENSES

Administrative	\$ 1,095	\$ 138,000
Management	\$ 905	\$ 114,089
Utilities	\$ 1,190	\$ 150,000
Payroll	\$ 1,371	\$ 172,750
Total Insurance:	\$ 278	\$ 35,000
Maintenance	\$ 1,444	\$ 182,000
Other: Agency Monitoring Fees	\$ -	\$ -
Subtotal	\$ 6,284	\$ 791,839
Resident Services	\$ 492	\$ 62,000
Replacement Reserves	\$ 500	\$ 63,000
Real Estate Taxes	\$ 206	\$ 26,000
Other: Misc state & local fees	\$ 148	\$ 18,600
Other: Issuer fee	\$ 175	\$ 22,100
ANNUAL EXPENSES	\$	\$ 983,539

TAX CREDIT ASSUMPTIONS

9% Tie Breaker Score	N/A
Federal Tax Credits Requested	\$3,101,997
Federal Tax Credit Pricing	\$0.92
State Tax Credits Requested	10,590,970
State Tax Credit Pricing	\$0.76
LP Interest	99.00%
Applicable Rate - 9%	N/A
Applicable Rate - 4% FLOOR	4.00%
50% Test	52.78%

DEVELOPMENT BUDGET ShoreLINE (AKA Grantville Trolley Affordable)

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Conventional Permanent Loan	Transit Oriented Development (HCD)	-	-	-	Deferred Developer Fee	70% PVC for New Construction/Rehabilitation	30% PVC for Acquisition
LAND COST/ACQUISITION												
Ground Lease	1	1	-	-	-	-	-	-	-	-	-	-
Land Carry Cost + Misc. Fees	-	-	-	-	-	-	-	-	-	-	-	-
Land Carry Cost	-	-	-	-	-	-	-	-	-	-	-	-
Total Land Cost or Value	1	1	-									
Existing Improvements Value	-	-	-	-	-	-	-	-	-	-	-	-
Off-Site Improvements:	-	-	-	-	-	-	-	-	-	-	-	-
Total Acquisition Cost	-	-	-									
Total Land Cost / Acquisition Cost	1	1	-									
REHABILITATION												
Abatement/Demolition	-	-	-	-	-	-	-	-	-	-	-	-
Structures	-	-	-	-	-	-	-	-	-	-	-	-
General Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Overhead	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Profit	-	-	-	-	-	-	-	-	-	-	-	-
Prevailing Wages	-	-	-	-	-	-	-	-	-	-	-	-
General Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Contractor Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Total Rehabilitation Costs	-	-	-									
Total Relocation Expenses	-	-	-									
NEW CONSTRUCTION												
Site Work	2,601,234	2,601,234	-	-	-	-	-	-	-	-	2,601,234	-
Structures	33,791,586	33,791,586	-	-	-	-	-	-	-	-	33,791,586	-
General Requirements	1,750,000	1,750,000	-	-	-	-	-	-	-	-	1,750,000	-
Contractor Overhead	1,750,000	1,750,000	-	-	-	-	-	-	-	-	1,750,000	-
Contractor Profit	1,500,000	1,500,000	-	-	-	-	-	-	-	-	1,500,000	-
Solar PV	350,000	350,000	-	-	-	-	-	-	-	-	350,000	-
Prevailing Wages - included above												
General Liability Insurance/ Bond Prem	950,686	950,686	-	-	-	-	-	-	-	-	950,686	-
Other: Site Security	150,000	150,000	-	-	-	-	-	-	-	-	150,000	-
Total New Construction Costs	42,843,506	42,843,506	-								42,843,506	-

DEVELOPMENT BUDGET ShoreLINE (AKA Grantville Trolley Affordable)

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Conventional Permanent Loan	Transit Oriented Development (HCD)	-	-	-	Deferred Developer Fee	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition
ARCHITECTURAL FEES												
Design (incl ADA)	1,535,500	1,535,500	-	-	-	-	-	-	-	-	1,535,500	-
Other:	95,000	95,000	-	-	-	-	-	-	-	-	95,000	-
Total Architectural Costs	1,630,500	1,630,500	-								1,630,500	-
Total Survey and Engineering	950,000	950,000	-								950,000	-
CONST. INTEREST & FEES												
Construction Loan Interest	1,225,000	1,225,000	-	-	-	-	-	-	-	-	1,225,000	-
Origination Fee	365,950	365,950	-	-	-	-	-	-	-	-	365,950	-
Cost of Issuance	300,000	300,000	-	-	-	-	-	-	-	-	-	-
Taxes	30,000	30,000	-	-	-	-	-	-	-	-	30,000	-
Insurance	400,000	400,000	-	-	-	-	-	-	-	-	400,000	-
Title and Recording	80,000	80,000	-	-	-	-	-	-	-	-	80,000	-
Construction Service Fees (Bank)	100,000	100,000	-	-	-	-	-	-	-	-	100,000	-
Other: Const Mgmt & Deputy Services	200,000	200,000	-	-	-	-	-	-	-	-	200,000	-
Other: Taxable Construction Loan Interest	790,000	790,000	-	-	-	-	-	-	-	-	124,000	-
Total Const. Interest & Fees	3,490,950	3,490,950	-								2,524,950	-

PERMANENT FINANCING											
Loan Origination Fee	-	-	-	-	-	-	-	-	-	-	-
Credit Enhancement/Application Fee	-	-	-	-	-	-	-	-	-	-	-
Title and Recording	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Other: Conversion fee CBT	65,000	65,000	-	-	-	-	-	-	-	-	-
Other: Interest Prior to Conversion	890,000	890,000	-	-	-	-	-	-	-	-	-
Total Perm. Financing Costs	955,000	955,000	-	-	-	-	-	-	-	-	-
LEGAL FEES											
Lender Legal Pd. by Applicant	150,000	150,000	-	-	-	-	-	-	-	-	65,000
Other : Partnership & Transaction	160,000	160,000	-	-	-	-	-	-	-	-	10,000
Total Attorney Costs	309,999	309,999	-	-	-	-	-	-	-	-	75,000
RESERVES											
Rent Reserves	-	-	-	-	-	-	-	-	-	-	-
Capitalized Operating Reserve	-	-	-	-	-	-	-	-	-	-	-
*3- Month Operating Reserve	475,000	475,000	-	-	-	-	-	-	-	-	-
Other: (Specify)	-	-	-	-	-	-	-	-	-	-	-
Total Reserve Costs	475,000	475,000	-	-	-	-	-	-	-	-	-

DEVELOPMENT BUDGET

ShoreLINE (AKA Grantville Trolley Affordable)

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	Conventional Permanent Loan	Transit Oriented Development (HCD)	-	-	-	Deferred Developer Fee	70% PVC for NC/Rehab or 30% PVC for Fed Subsidized NC/Rehab	30% PVC for Acquisition	
Total Appraisal Costs	10,000	10,000	-	-	-	-	-	-	-	-	10,000	-	
Total Hard Cost Contingency	4,712,785	4,712,785	-	-	-	-	-	-	-	-	4,712,785	-	
OTHER PROJECT COSTS													
CDLAC/TCAC App/Allocation/Monitoring	138,630	138,630	-	-	-	-	-	-	-	-	-	-	
Environmental Audit	50,000	50,000	-	-	-	-	-	-	-	-	50,000	-	
Local Dev. Impact Fees	1,856,000	1,856,000	-	-	-	-	-	-	-	-	1,856,000	-	
Permit Processing Fees	230,527	230,527	-	-	-	-	-	-	-	-	230,527	-	
Marketing	30,000	30,000	-	-	-	-	-	-	-	-	-	-	
Furnishings, Fixtures, Equipment	378,000	378,000	-	-	-	-	-	-	-	-	378,000	-	
Market Study	12,000	12,000	-	-	-	-	-	-	-	-	12,000	-	
Accounting/Reimbursables	60,000	60,000	-	-	-	-	-	-	-	-	60,000	-	
Soft Cost Contingency	820,528	820,528	-	-	-	-	-	-	-	-	820,528	-	
Lease-Up Costs	75,000	75,000	-	-	-	-	-	-	-	-	-	-	
Other: Financial Consulting	-	-	-	-	-	-	-	-	-	-	-	-	
Other: MTS Agency Deposits	100,000	100,000	-	-	-	-	-	-	-	-	-	-	
Other: SDHC underwriting & AM fee	75,000	75,000	-	-	-	-	-	-	-	-	-	-	
Total Other Costs	3,825,685	3,825,685	-	-	-	-	-	-	-	-	3,407,055	-	
SUBTOTAL PROJECT COST	59,203,426	59,203,426	-	-	-	-	-	-	-	-	56,153,796	-	
	Total Project Cost	Total Residential	Total Commercial	Subtotal Eligible Basis								56,153,796	-
DEVELOPER COSTS													
Developer Overhead/Profit	3,500,000	3,500,000	-	-	-	-	-	-	-	-	3,500,000	-	
Consultant/Processing Agent	-	-	-	-	-	-	-	-	-	-	-	-	
Project Administration	-	-	-	-	-	-	-	-	-	-	-	-	
Broker Fees Paid to a Related Party	-	-	-	-	-	-	-	-	-	-	-	-	
Construction Oversight by Developer	-	-	-	-	-	-	-	-	-	-	-	-	
Other: (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	
Total Developer Costs	3,500,000	3,500,000	-	-	-	-	-	-	-	-	3,500,000	-	
TOTAL PROJECT COSTS	62,703,426	62,703,426	-	-	-	-	-	-	-	-	59,653,796	-	
											Bridge Loan Expense During Construction	-	
											Total Eligible Basis	59,653,796	

**ELIGIBLE AND QUALIFIED BASIS
ShoreLINE (AKA Grantville Trolley Affordable)**

	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	59,653,796	-
Ineligible Amounts	-	
Subtract all Grant Proceeds Used to Finance Costs in Eligible Basis:	-	-
Subtract Non-Qualified Non-Recourse Financing:	-	-
Subtract Non-Qualifying Portion of Higher Quality Units:	-	-
Subtract Photovoltaic Credit (as applicable):		-
Subtract Historic Credit (residential portion only):	-	-
Total Ineligible Amounts:	-	-
Total Eligible Amount Voluntarily Excluded:		-
Total Basis Reduction:	-	-
Total Requested Unadjusted Eligible Basis:	59,653,796	-
Total Adjusted Threshold Basis Limit		107,366,618
*Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) Adjustment:	130%	100%
Total Adjusted Eligible Basis:	77,549,935	-
Applicable Fraction:	100%	100%
Qualified Basis	77,549,935	-
Total Qualified Basis		77,549,935
**Total Credit Reduction:	-	-
Total Adjusted Qualified Basis:		77,549,935

0%

*130% boost if your project is located in a DDA or QCT

**to be calculated in "Points System"

BASIS AND CREDITS
ShoreLINE (AKA Grantville Trolley Affordable)

	New Construction /Rehabilitation	Acquisition
Adjusted Qualified Basis, After Credit Reduction:	77,549,935.00	-
*Applicable Percentage:	4.00%	3.27%
Subtotal Annual Federal Credit:	3,101,997.40	-
Total Combined Annual Federal Credit:		3,101,997.40 <--- \$2.5M Max

Determination of Minimum Federal Credit Necessary For Feasibility

Total Project Cost	62,703,426.40	
Permanent Financing	26,683,021.00	
Funding Gap	36,020,405.40	0.920 Equity Pricing
Federal Tax Credit Factor **	0.91	99.00% LP Interest
Total Credits Necessary for Feasibility	39,548,095.00	
Annual Federal Credit Necessary for Feasibility	3,954,809.50	
Maximum Annual Federal Credits	3,101,997.00	
Equity Raised From Federal Credit	28,252,988.00	
Remaining Funding Gap	7,767,417.00	

BASIS AND CREDITS: STATE

Determination of State Credit	NC/Rehab	Acquisition
Adjusted Qualified Basis	59,653,796	-
Factor Amount *	30%	13%
Maximum Total State Credit	17,896,139	0

Determination of Minimum State Credit Necessary for Feasibility		0.760 Equity Pricing
State Tax Credit Factor **	0.7334	96.50% LP Interest
Maximum Total State Credit	17,896,139	
State Credit Necessary for Feasibility	10,590,970	fixed per state credit app
Equity Raised from State Credit	7,767,417	
Remaining Funding Gap	(0)	

PROJECT INCOME INFORMATION
ShoreLINE (AKA Grantville Trolley Affordable)

(a) # of Bedrooms	(b) # of Units	(c) Proposed Monthly Rent Less Utilities	(d) Total Monthly Rents (bxc)	(e) Monthly Utility Allow.	(f) Monthly Rent Plus Utilities (c + e)	(g) % of Area Mediam Income	PBVs Rents	PBV Add Mo. Rent Above TCAC	Total Add. Mo. Rents
Studio-PBV	10	\$ 636	\$ 6,360	\$ -	\$ 636	30%	\$ 1,453	\$ 817	\$ 8,170
Studio	12	\$ 604	\$ 7,248	\$ 32	\$ 636	30%	\$ -	\$ -	\$ -
Studio	4	\$ 817	\$ 3,268	\$ 32	\$ 849	40%	\$ -	\$ -	\$ -
Studio	12	\$ 1,029	\$ 12,348	\$ 32	\$ 1,061	50%	\$ -	\$ -	\$ -
1BR-PBV	10	\$ 682	\$ 6,820	\$ -	\$ 682	30%	\$ 1,610	\$ 928	\$ 9,280
1BR	13	\$ 1,095	\$ 14,235	\$ 41	\$ 1,136	50%	\$ -	\$ -	\$ -
2BR-PBV	4	\$ 818	\$ 3,272	\$ -	\$ 818	30%	\$ 2,091	\$ 1,273	\$ 5,092
2BR	2	\$ 1,314	\$ 2,628	\$ 49	\$ 1,363	50%	\$ -	\$ -	\$ -
2BR	25	\$ 1,587	\$ 39,675	\$ 49	\$ 1,636	60%	\$ -	\$ -	\$ -
3BR-PBV	1	\$ 945	\$ 945	\$ -	\$ 945	30%	\$ 2,869	\$ 1,924	\$ 1,924
3BR	12	\$ 1,521	\$ 18,252	\$ 54	\$ 1,575	50%	\$ -	\$ -	\$ -
3BR	19	\$ 1,836	\$ 34,884	\$ 54	\$ 1,890	60%	\$ -	\$ -	\$ -
2BR MGR	1	\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
3BR MGR	1	\$ -	\$ -	\$ -	\$ -	MKT	\$ -	\$ -	\$ -
Affordable Units	124	Total Rent	\$ 149,935				Total Tranche B:		\$ 24,466

Aggregate Monthly Rents for All Units:	\$ 149,935
Aggregate Annual Rents for All Units:	\$ 1,799,220

Avg Affordability	47.2581%
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80% AMI Units	0%
---------------	----

Per Plans	
Studio	38
1BR	23
2BR	32
3BR	33
	126

Total Affordable Plus Manager Units: **126**

Annual Income from Laundry Facilities **\$ 13,392** **9.00** per unit per month

Annual Income from Vending Machines **-**

Annual Interest Income **-**

Other Annual Income (Specify) **-**

Total Miscellaneous Income: \$ 13,392

Total Annual Potential Gross Income: \$ 1,812,612

Excess PBV Income \$ 293,592

Total Gross Annual Income \$ 2,106,204

Utility Allowances					
	Studio	1 BR	2 BR	3 BR	4 BR
Space Heating:	0.51	0.87	1.11	1	-
Water Heating:	-	-	-	-	-
Cooking:	7.12	8.50	9.85	11	-
Lighting:	3.81	5.83	6.49	7	-
Electricity:	16.36	21.73	25.26	29	-
Water:*	-	-	-	-	-
AC	3.28	3.94	5.78	6	-
City's Fee	-	-	-	-	-
Total:	32	41	49	54	-

**Owner paid utilities*

ANNUAL RESIDENTIAL OPERATING EXPENSES
ShoreLINE (AKA Grantville Trolley Affordable)

		Per Unit	
Administrative	Advertising:	8,000	63
	Legal:	12,000	95
	Accounting/Audit:	13,000	103
	Security:	70,000	556
	General Office Costs:	35,000	278
	Total Administrative:	138,000	1,095
Management	Total Management Fee:	114,089	905
Utilities	Fuel:	-	-
	Gas:	20,000	159
	Electricity:	45,000	357
	Water/Sewer:	85,000	675
	Total Utilities:	150,000	1,190
Payroll / Payroll Taxes	On-site Manager(s):	85,000	675
	Maintenance Personnel:	53,200	422
	Other: Payroll Burden/Taxes	34,550	274
	Total Payroll/Payroll Taxes:	172,750	1,371
	Total Insurance:	35,000	278
Maintenance	Painting:	30,000	238
	Repairs:	25,000	198
	Trash Removal:	25,000	198
	Exterminating:	15,000	119
	Grounds:	50,000	397
	Other: Fire Alarm Monitoring	12,000	95
	Other: Elevator	25,000	198
	Total Maintenance:	182,000	1,444
Other Expenses	Other:		-
	Other:	-	-
	Total Other:	0	-

Total Expenses

Total Annual Residential Operating Expenses:	791,839	
Total Number of Units in the Project:	126	
Total Annual Operating Expenses Per Unit:	6,284	5,600 min per unit
Total 3-Month Operating Reserve:	475,000	580,000
Total Annual Internet Expense (site amenity election):	-	
Total Annual Service Amenities Budget (from project expenses):	62,000	492 per unit
Total Annual Reserve for Replacement:	63,000	500 per unit
Total Annual Real Estate Taxes:	26,000	
Other: Misc state & local fees	18,600	150
Other: Issuer fee	22,100	
TOTAL:	983,539	7,806 per unit 650 per month

Commercial Income

Total Annual Commercial/Non Residential Revenue:	-
Total Annual Commercial/Non Residential Expenses:	-
Total Annual Commercial/Non Residential Debt Service:	-
Total Annual Commercial/Non Residential Net Income:	-

Borrower: TBD
Project Name: ShoreLINE (AKA Grantville Trolley Affordable)
Proforma Type: 126 Large Family Workforce Apartments (30-80% AMI)
Location: Exact address TBD: 4470 Alvarado Canyon Road, San Diego, CA 92120

Prescribed 50% Test Figure **52.8%**

PROJECTED CONSTRUCTION LOAN: \$ **31,483,880**
 LOAN-TO-VALUE: **50.21%**
 Interest Rate Construction 2.85%
 PROJECTED TAXABLE CONSTRUCTION LOAN \$ **24,567,507**
 Taxable Interest Rate Construction 2.85%

Loan Closing Date	1/15/2022
Construction Schedule (# mo)	21
Lease Up Schedule (# mo)	5
Conversion Schedule (# mo)	31

Month	Equity	Dev Fee	Description
1	5%	35%	Loan Closing
14	5%	5%	50% Completion
21	0%	0%	Construction Completion
25	15%	25%	Final Payment
26	0%	0%	100% Occupancy
31	75%	30%	Conversion to Perm
32	1%	5%	8609
33	0%	0%	Operations

CONSTRUCTION USES:	Total Budget	Loan Closing													50% Completion	
		Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	
Total Land Cost / Acquisition Cost	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct Costs	42,843,506	0	856,870	1,285,305	1,285,305	1,285,305	1,285,305	1,713,740	1,713,740	1,713,740	1,713,740	1,713,740	2,142,175	2,142,175	2,142,175	2,142,175
Constr. Contingency @ 11.0%	4,712,785	0	94,256	141,384	141,384	141,384	141,384	188,511	188,511	188,511	188,511	188,511	235,639	235,639	235,639	235,639
Total Architectural Costs	1,630,500	1,304,400	16,305	16,305	16,305	16,305	16,305	16,305	16,305	16,305	16,305	16,305	16,305	16,305	16,305	16,305
Total Survey and Engineering	950,000	760,000	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Construction Loan Interest	1,225,000	0	12,834	15,333	18,984	22,644	26,313	29,980	34,822	39,665	44,520	49,386	54,264	60,300	66,349	66,349
Origination Fee	365,950	300,950	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of Issuance	300,000	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes	30,000	30,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	400,000	400,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Title and Recording	80,000	80,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Service Fees (Bank)	100,000	20,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Other: Const Mgmt & Deputy Services	200,000	0	9,524	9,524	9,524	9,524	9,524	9,524	9,524	9,524	9,524	9,524	9,524	9,524	9,524	9,524
Other: Conversion fee CBT	65,000	65,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other: Taxable Construction Loan Interest	790,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other: Interest Prior to Conversion	890,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lender Legal Pd. by Applicant	150,000	150,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other : Partnership & Transaction	160,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reserve Costs	475,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Appraisal	10,000	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CDLAC/TCAC App/Allocation/Monitoring	138,630	138,630	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Environmental Audit	50,000	50,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Dev. Impact Fees & Permit Processing Fee	2,086,527	2,086,527	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market Study/Marketing/FF&E/Misc.	420,000	420,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounting/Reimbursables	60,000	60,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Cost Contingency	820,528	123,079	34,872	34,872	34,872	34,872	34,872	34,872	34,872	34,872	34,872	34,872	34,872	34,872	34,872	34,872
Lease-Up Costs	75,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other: MTS Agency Deposits	100,000	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other: SDHC underwriting & AM fee	75,000	75,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developer Overhead/Profit - Paid	2,500,000	875,000	0	0	0	0	0	0	0	0	0	0	0	0	0	125,000
Deferred Developer Fee	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET	62,703,426	7,130,587	1,038,161	1,516,223	1,519,874	1,523,534	1,527,203	2,006,443	2,011,275	2,016,118	2,020,973	2,025,839	2,506,280	2,512,315	2,643,365	
Compared to Development Budget Tab	BALANCED															

SOURCES:																
Conventional Permanent Loan	15,683,021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Construction Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transit Oriented Development (HCD)	10,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Federal Tax Credit Equity	28,252,988	1,412,649	0	0	0	0	0	0	0	0	0	0	0	0	0	1,412,649
State Tax Credit Equity	7,767,417	388,371	0	0	0	0	0	0	0	0	0	0	0	0	0	388,371
Total Monthly Sources	62,703,426	1,801,020	0	0	0	0	0	0	0	0	0	0	0	0	0	1,801,020
Compared to Uses on this tab	BALANCED															
LOAN BALANCE:																
Cumulative Monthly Constr. Loan Balance - Tax-Exempt		5,329,566	6,367,727	7,883,950	9,403,825	10,927,359	12,454,562	14,461,005	16,472,280	18,488,398	20,509,371	22,535,210	25,041,490	27,553,805	28,396,150	
Cumulative Monthly Constr. Loan Balance - Taxable		0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Borrower: TBD
Project Name: ShoreLINE (AKA Grantville Trolley Affordable)
Proforma Type: 126 Large Family Workforce Apartments (30-80% AMI)
Location: Exact address TBD: 4470 Alvarado Canyon F

Prescribed 50% Test Figure **52.8%**

PROJECTED CONSTRUCTION LOAN: \$ **31,483,880**
 LOAN-TO-VALUE: **50.21%**
 Interest Rate Construction 2.85%
 PROJECTED TAXABLE CONSTRUCTION LOAN \$ **24,567,507**
 Taxable Interest Rate Construction 2.85%

	Total Budget	Construction Completion										Final Payment		100% Occupancy	
		15 Mar-23	16 Apr-23	17 May-23	18 Jun-23	19 Jul-23	20 Aug-23	21 Sep-23	22 Oct-23	23 Nov-23	24 Dec-23	25 Jan-24	26 Feb-24	27 Mar-24	
CONSTRUCTION USES:															
Total Land Cost / Acquisition Cost	1	0	0	0	0	0	0	0	0	0	0	0	0	0	
Direct Costs	42,843,506	2,142,175	2,570,610	2,570,610	2,570,610	2,570,610	2,999,045	2,999,045	3,427,480	0	0	0	0	0	
Constr. Contingency @ 11.0%	4,712,785	235,639	282,767	282,767	282,767	282,767	329,895	329,895	377,023	0	0	0	0	0	
Total Architectural Costs	1,630,500	16,305	16,305	16,305	16,305	16,305	16,305	16,305	0	0	0	0	0	0	
Total Survey and Engineering	950,000	9,500	9,500	9,500	9,500	9,500	9,500	9,500	0	0	0	0	0	0	
Construction Loan Interest	1,225,000	68,378	72,029	72,203	72,377	72,551	72,726	72,901	0	0	0	0	0	0	
Origination Fee	365,950	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cost of Issuance	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Taxes	30,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Insurance	400,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Title and Recording	80,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Construction Service Fees (Bank)	100,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	0	0	0	0	0	0	
Other: Const Mgmt & Deputy Services	200,000	9,524	9,524	9,524	9,524	9,524	9,524	9,524	9,524	0	0	0	0	0	
Other: Conversion fee CBT	65,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other: Taxable Construction Loan Interest	790,000	0	2,417	9,473	16,545	23,635	31,184	39,897	48,188	57,668	57,807	57,947	46,605	46,717	
Other: Interest Prior to Conversion	890,000	0	0	0	0	0	0	0	73,076	73,252	73,429	73,605	73,783	73,960	
Lender Legal Pd. by Applicant	150,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other : Partnership & Transaction	160,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Reserve Costs	475,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Appraisal	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
CDLAC/TCAC App/Allocation/Monitoring	138,630	0	0	0	0	0	0	0	0	0	0	0	0	0	
Environmental Audit	50,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Local Dev. Impact Fees & Permit Processing Fee	2,086,527	0	0	0	0	0	0	0	0	0	0	0	0	0	
Market Study/Marketing/FF&E/Misc.	420,000	0	0	0	0	184,000	184,000	0	0	0	0	10,000	0	0	
Accounting/Reimbursables	60,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Soft Cost Contingency	820,528	34,872	34,872	34,872	34,872	34,872	34,872	34,872	0	0	0	0	0	0	
Lease-Up Costs	75,000	0	0	0	0	0	0	0	75,000	0	0	0	0	0	
Other: MTS Agency Deposits	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other: SDHC underwriting & AM fee	75,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Developer Overhead/Profit - Paid	2,500,000	0	0	0	0	0	0	0	0	0	0	625,000	0	0	
Deferred Developer Fee	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL BUDGET	62,703,426	2,520,393	3,002,025	3,009,254	3,016,500	3,207,764	3,691,051	3,515,939	4,010,291	130,921	131,236	766,552	120,387	120,677	
Compared to Development Budget Tab	BALANCED														

SOURCES:														
Conventional Permanent Loan	15,683,021	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Construction Loan	0	1,003,881	2,929,996	2,937,051	2,944,124	3,135,213	3,618,326	3,443,039	3,937,215	57,668	57,807	(4,768,061)	46,605	46,717
Transit Oriented Development (HCD)	10,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Federal Tax Credit Equity	28,252,988	0	0	0	0	0	0	0	0	0	0	4,237,948	0	0
State Tax Credit Equity	7,767,417	0	0	0	0	0	0	0	0	0	0	1,165,113	0	0
Total Monthly Sources	62,703,426	1,003,881	2,929,996	2,937,051	2,944,124	3,135,213	3,618,326	3,443,039	3,937,215	57,668	57,807	635,000	46,605	46,717
Compared to Uses on this tab	BALANCED													
LOAN BALANCE:														
Cumulative Monthly Constr. Loan Balance - Tax-Exempt	29,912,663	29,984,692	30,056,895	30,129,271	30,201,822	30,274,548	30,347,448	30,420,525	30,493,777	30,567,205	30,640,811	30,714,594	30,788,554	
Cumulative Monthly Constr. Loan Balance - Taxable	1,003,881	3,933,877	6,870,928	9,815,052	12,950,265	16,568,591	20,011,629	23,948,844	24,006,513	24,064,320	19,354,206	19,400,810	19,447,527	

Borrower: TBD
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Proforma Type: 126 Large Family Workforce Apartments (30-80% AMI)
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Prescribed 50% Test Figure **52.8%**

PROJECTED CONSTRUCTION LOAN: \$ **31,483,880**
 LOAN-TO-VALUE: **50.21%**
 Interest Rate Construction 2.85%
 PROJECTED TAXABLE CONSTRUCTION LOAN \$ **24,567,507**
 Taxable Interest Rate Construction 2.85%

	Total Budget	Conversion to Perm						TOTAL		
		28 Apr-24	29 May-24	30 Jun-24	31 Jul-24	8609 Aug-24	Operations Sep-24			
CONSTRUCTION USES:										
Total Land Cost / Acquisition Cost	1	0	0	0	0	0	0	1	100%	-
Direct Costs	42,843,506	0	0	0	0	0	0	42,843,506	100%	-
Constr. Contingency @ 11.0%	4,712,785	0	0	0	0	0	0	4,712,785	100%	-
Total Architectural Costs	1,630,500	0	0	0	0	0	0	1,630,500	100%	-
Total Survey and Engineering	950,000	0	0	0	0	0	0	950,000	100%	-
Construction Loan Interest	1,225,000	0	0	0	0	0	0	978,568	80%	246,432
Origination Fee	365,950	0	0	0	65,000	0	0	365,950	100%	-
Cost of Issuance	300,000	0	0	0	0	0	0	300,000	100%	-
Taxes	30,000	0	0	0	0	0	0	30,000	100%	-
Insurance	400,000	0	0	0	0	0	0	400,000	100%	-
Title and Recording	80,000	0	0	0	0	0	0	80,000	100%	-
Construction Service Fees (Bank)	100,000	0	0	0	0	0	0	100,000	100%	-
Other: Const Mgmt & Deputy Services	200,000	0	0	0	0	0	0	200,000	100%	-
Other: Conversion fee CBT	65,000	0	0	0	0	0	0	65,000	100%	-
Other: Taxable Construction Loan Interest	790,000	46,829	46,942	47,055	47,168	0	0	626,077	79%	163,923
Other: Interest Prior to Conversion	890,000	74,138	74,317	74,496	74,675	0	0	738,732	83%	151,268
Lender Legal Pd. by Applicant	150,000	0	0	0	0	0	0	150,000	100%	-
Other : Partnership & Transaction	160,000	0	0	0	0	0	0	160,000	100%	-
Total Reserve Costs	475,000	0	0	0	475,000	0	0	475,000	100%	-
Appraisal	10,000	0	0	0	0	0	0	10,000	100%	-
CDLAC/TCAC App/Allocation/Monitoring	138,630	0	0	0	0	0	0	138,630	100%	-
Environmental Audit	50,000	0	0	0	0	0	0	50,000	100%	-
Local Dev. Impact Fees & Permit Processing Fee	2,086,527	0	0	0	0	0	0	2,086,527	100%	-
Market Study/Marketing/FF&E/Misc.	420,000	0	0	0	0	0	0	420,000	100%	-
Accounting/Reimbursables	60,000	0	0	0	0	0	0	60,000	100%	-
Soft Cost Contingency	820,528	0	0	0	0	0	0	820,528	100%	-
Lease-Up Costs	75,000	0	0	0	0	0	0	75,000	100%	-
Other: MTS Agency Deposits	100,000	0	0	0	0	0	0	100,000	100%	-
Other: SDHC underwriting & AM fee	75,000	0	0	0	0	0	0	75,000	100%	-
Developer Overhead/Profit - Paid	2,500,000	0	0	0	750,000	125,000	0	2,500,000	100%	-
Deferred Developer Fee	1,000,000	0	0	0	0	0	1,000,000	1,000,000	100%	-
TOTAL BUDGET	62,703,426	120,968	121,259	121,551	1,411,844	125,000	1,000,000	62,141,804		561,622
Compared to Development Budget Tab	BALANCED									

SOURCES:

Conventional Permanent Loan	15,683,021	0	0	0	15,683,021	0	0	15,683,021	100%	-
Taxable Construction Loan	0	46,829	46,942	47,055	(19,530,407)	0	0	0	NA	-
Transit Oriented Development (HCD)	10,000,000	0	0	0	10,000,000	0	0	10,000,000	100%	-
Deferred Developer Fee	1,000,000	0	0	0	0	0	1,000,000	1,000,000	100%	-
Federal Tax Credit Equity	28,252,988	0	0	0	21,048,476	141,265	0	28,252,988	100%	-
State Tax Credit Equity	7,767,417	0	0	0	5,786,726	38,837	0	7,767,417	100%	-
Total Monthly Sources	62,703,426	46,829	46,942	47,055	32,987,816	180,102	1,000,000	62,703,426	100%	0
Compared to Uses on this tab	BALANCED									
LOAN BALANCE:										
Cumulative Monthly Constr. Loan Balance - Tax-Exempt	30,862,692	30,937,009	31,011,505	(564,467)	(619,569)	(619,569)				
Cumulative Monthly Constr. Loan Balance - Taxable	19,494,357	19,541,299	19,588,354	57,947	57,947	57,947		(561,622)		

15-YEAR CASH FLOW PROJECTION

ShoreLINE (AKA Grantville Trolley Affordable)

	Inflation Factor	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033	Year 11 2034	Year 12 2035	Year 13 2036	Year 14 2037
Rental Income	2.5%	1,799,220	1,844,201	1,890,306	1,937,563	1,986,002	2,035,652	2,086,544	2,138,707	2,192,175	2,246,979	2,303,154	2,360,733	2,419,751	2,480,245
PBV INCOME IF APPLICABLE	2.5%	293,592	300,932	308,455	316,166	324,071	332,172	340,477	348,989	357,713	366,656	375,823	385,218	394,849	404,720
TOTAL GROSS POTENTIAL REVENUE		2,092,812	2,145,132	2,198,761	2,253,730	2,310,073	2,367,825	2,427,020	2,487,696	2,549,888	2,613,635	2,678,976	2,745,951	2,814,599	2,884,964
Other Income	2.5%	13,392	13,727	14,070	14,422	14,782	15,152	15,531	15,919	16,317	16,725	17,143	17,571	18,011	18,461
Vacancy @	5.0%	104,641	107,257	109,938	112,686	115,504	118,391	121,351	124,385	127,494	130,682	133,949	137,298	140,730	144,248
TOTAL NET RENTAL INCOME		2,001,563	2,051,602	2,102,893	2,155,465	2,209,351	2,264,585	2,321,200	2,379,230	2,438,711	2,499,678	2,562,170	2,626,225	2,691,880	2,759,177
Advertising:	3.5%	8,000	8,280	8,570	8,870	9,180	9,501	9,834	10,178	10,534	10,903	11,285	11,680	12,089	12,512
Legal:	3.5%	12,000	12,420	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355	16,927	17,520	18,133	18,767
Accounting/Audit:	3.5%	13,000	13,455	13,926	14,413	14,918	15,440	15,980	16,540	17,119	17,718	18,338	18,980	19,644	20,331
Security:	3.5%	70,000	72,450	74,986	77,610	80,327	83,138	86,048	89,060	92,177	95,403	98,742	102,198	105,775	109,477
General Office Costs:	3.5%	35,000	36,225	37,493	38,805	40,163	41,569	43,024	44,530	46,088	47,701	49,371	51,099	52,887	54,738
Total Management Fee:	3.5%	114,089	118,082	122,215	126,493	130,920	135,502	140,245	145,153	150,234	155,492	160,934	166,567	172,396	178,430
Gas:	3.5%	20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221	31,279
Electricity:	3.5%	45,000	46,575	48,205	49,892	51,639	53,446	55,316	57,253	59,256	61,330	63,477	65,699	67,998	70,378
Water/Sewer:	3.5%	85,000	87,975	91,054	94,241	97,539	100,953	104,487	108,144	111,929	115,846	119,901	124,097	128,441	132,936
On-site Manager(s):	3.5%	85,000	87,975	91,054	94,241	97,539	100,953	104,487	108,144	111,929	115,846	119,901	124,097	128,441	132,936
Maintenance Personnel:	3.5%	53,200	55,062	56,989	58,984	61,048	63,185	65,396	67,685	70,054	72,506	75,044	77,670	80,389	83,202
Other: Payroll Burden/Taxes	3.5%	34,550	35,759	37,011	38,306	39,647	41,035	42,471	43,957	45,496	47,088	48,736	50,442	52,207	54,035
Total Insurance:	3.5%	35,000	36,225	37,493	38,805	40,163	41,569	43,024	44,530	46,088	47,701	49,371	51,099	52,887	54,738
Painting:	3.5%	30,000	31,050	32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887	42,318	43,799	45,332	46,919
Repairs:	3.5%	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	35,265	36,499	37,777	39,099
Trash Removal:	3.5%	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	35,265	36,499	37,777	39,099
Exterminating:	3.5%	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443	21,159	21,909	22,666	23,459
Grounds:	3.5%	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145	70,530	72,998	75,553	78,198
Other: Fire Alarm Monitoring	3.5%	12,000	12,420	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355	16,927	17,520	18,133	18,767
Other: Elevator	3.5%	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	35,265	36,499	37,777	39,099
Other: Misc state & local fees	3.5%	18,600	19,251	19,925	20,622	21,344	22,091	22,864	23,664	24,493	25,350	26,237	27,155	28,106	29,090
Service Amenities Budget	3.5%	62,000	64,170	66,416	68,741	71,146	73,637	76,214	78,881	81,642	84,500	87,457	90,518	93,686	96,965
Other: Issuer fee	2.5%	22,100	22,653	23,219	23,799	24,394	25,004	25,629	26,270	26,927	27,600	28,290	28,997	29,722	30,465
Real Estate Taxes	2.0%	26,000	26,520	27,050	27,591	28,143	28,706	29,280	29,866	30,463	31,072	31,694	32,328	32,974	33,634
Replacement Reserve	0.0%	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
TOTAL EXPENSES		983,539	1,015,147	1,047,848	1,081,680	1,116,681	1,152,894	1,190,360	1,229,122	1,269,226	1,310,717	1,353,645	1,398,060	1,444,012	1,491,555
Cash Flow Prior to Debt Service (NOI)		1,018,024	1,036,456	1,055,045	1,073,785	1,092,670	1,111,691	1,130,840	1,150,108	1,169,485	1,188,961	1,208,525	1,228,165	1,247,869	1,267,622
DEBT SERVICE - Conventional Permanent Loan		805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301
Transit Oriented Development (HCD)		42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
FORECASTED CASH AVAILABLE		170,723	189,154	207,744	226,484	245,369	264,390	283,539	302,807	322,184	341,660	361,224	380,864	400,567	420,321
Percent of Gross Revenue	8% Max	8.16%	8.82%	9.45%	10.05%	10.62%	11.17%	11.68%	12.17%	12.64%	13.07%	13.48%	13.87%	14.23%	14.57%
25% Debt Service Test	Yr 1-3 Max	20.15%	22.32%	24.52%	26.73%	28.96%	31.20%	33.46%	35.74%	38.02%	40.32%	42.63%	44.95%	47.28%	49.61%
Debt Coverage Ratio	1.15 Min	1.2014905	1.22	1.25	1.27	1.29	1.31	1.33	1.36	1.38	1.40	1.43	1.45	1.47	1.50
Partnership Management Fee	3.0%	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371
Asset Management Fee	3.0%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343
Cash Available for Ground Lease		145,723	163,404	181,221	199,166	217,231	235,408	253,688	272,060	290,515	309,041	327,626	346,258	364,923	383,607
Ground Lease Payment - based on NOI	5%	7,286	8,170	9,061	9,958	10,862	11,770	12,684	13,603	14,526	15,452	16,381	17,313	18,246	19,180
Cash Available for Deferred Developer Fee		138,437	155,234	172,160	189,208	206,370	223,638	241,003	258,457	275,989	293,589	311,245	328,945	346,677	364,427
Deferred Fee	1,000,000	138,437	155,234	172,160	189,208	206,370	193,159	-	-	-	-	-	-	-	-
	2.0%	17,231	14,471	11,317	7,760	3,787	-	-	-	-	-	-	-	-	-
balance		878,794	738,031	577,189	395,741	193,159	-	-	-	-	-	-	-	-	-
Cash Available for Distribution		-	-	-	-	-	30,479	241,003	258,457	275,989	293,589	311,245	328,945	346,677	364,427
Annual Payment to HCD	50.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,240	\$ 120,502	\$ 129,229	\$ 137,995	\$ 146,795	\$ 155,623	\$ 164,473	\$ 173,339	\$ 182,214
Annual Payment to Affirmed	50.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,240	\$ 120,502	\$ 129,229	\$ 137,995	\$ 146,795	\$ 155,623	\$ 164,473	\$ 173,339	\$ 182,214

15-YEAR CASH FLOW PROJECTION

ShoreLINE (AKA Grantville Trolley Affordable)

	Inflation Factor	Year 15 2038	Year 16 2039	Year 17 2040	Year 18 2041	Year 19 2042	Year 20 2043	Year 21 2044	Year 22 2045	Year 23 2046	Year 24 2047	Year 25 2048	Year 26 2049	Year 27 2050	Year 28 2051
Rental Income	2.5%	2,542,251	2,605,807	2,670,952	2,737,726	2,806,169	2,876,323	2,948,231	3,021,937	3,097,486	3,174,923	3,254,296	3,335,653	3,419,045	3,504,521
PBV INCOME IF APPLICABLE	2.5%	414,838	425,209	435,839	446,735	457,903	469,351	481,085	493,112	505,440	518,076	531,027	544,303	557,911	571,859
TOTAL GROSS POTENTIAL REVENUE		2,957,089	3,031,016	3,106,791	3,184,461	3,264,072	3,345,674	3,429,316	3,515,049	3,602,925	3,692,998	3,785,323	3,879,956	3,976,955	4,076,379
Vacancy @	5.0%	147,854	151,551	155,340	159,223	163,204	167,284	171,466	175,752	180,146	184,650	189,266	193,998	198,848	203,819
Other Income	2.5%	18,923	19,396	19,880	20,378	20,887	21,409	21,944	22,493	23,055	23,632	24,222	24,828	25,449	26,085
TOTAL NET RENTAL INCOME		2,828,157	2,898,861	2,971,332	3,045,615	3,121,756	3,199,800	3,279,795	3,361,790	3,445,834	3,531,980	3,620,280	3,710,787	3,803,556	3,898,645
Advertising:	3.5%	12,950	13,403	13,872	14,357	14,860	15,380	15,918	16,475	17,052	17,649	18,267	18,906	19,568	20,253
Legal:	3.5%	19,424	20,104	20,808	21,536	22,290	23,070	23,877	24,713	25,578	26,473	27,400	28,359	29,352	30,379
Accounting/Audit:	3.5%	21,043	21,780	22,542	23,331	24,147	24,993	25,867	26,773	27,710	28,679	29,683	30,722	31,797	32,910
Security:	3.5%	113,309	117,274	121,379	125,627	130,024	134,575	139,285	144,160	149,206	154,428	159,833	165,427	171,217	177,210
General Office Costs:	3.5%	56,654	58,637	60,690	62,814	65,012	67,288	69,643	72,080	74,603	77,214	79,916	82,714	85,609	88,605
Total Management Fee:	3.5%	184,675	191,139	197,829	204,753	211,919	219,336	227,013	234,959	243,182	251,694	260,503	269,621	279,057	288,824
Gas:	3.5%	32,374	33,507	34,680	35,894	37,150	38,450	39,796	41,189	42,630	44,122	45,667	47,265	48,919	50,631
Electricity:	3.5%	72,841	75,391	78,029	80,760	83,587	86,513	89,540	92,674	95,918	99,275	102,750	106,346	110,068	113,921
Water/Sewer:	3.5%	137,589	142,405	147,389	152,547	157,887	163,413	169,132	175,052	181,178	187,520	194,083	200,876	207,906	215,183
On-site Manager(s):	3.5%	137,589	142,405	147,389	152,547	157,887	163,413	169,132	175,052	181,178	187,520	194,083	200,876	207,906	215,183
Maintenance Personnel:	3.5%	86,115	89,129	92,248	95,477	98,818	102,277	105,857	109,562	113,396	117,365	121,473	125,725	130,125	134,679
Other: Payroll Burden/Taxes	3.5%	59,926	57,883	59,909	62,006	64,176	66,422	68,747	71,153	73,644	76,221	78,889	81,650	84,508	87,466
Total Insurance:	3.5%	56,654	58,637	60,690	62,814	65,012	67,288	69,643	72,080	74,603	77,214	79,916	82,714	85,609	88,605
Painting:	3.5%	48,561	50,260	52,020	53,840	55,725	57,675	59,694	61,783	63,945	66,183	68,500	70,897	73,379	75,947
Repairs:	3.5%	40,467	41,884	43,350	44,867	46,437	48,063	49,745	51,486	53,288	55,153	57,083	59,081	61,149	63,289
Trash Removal:	3.5%	40,467	41,884	43,350	44,867	46,437	48,063	49,745	51,486	53,288	55,153	57,083	59,081	61,149	63,289
Exterminating:	3.5%	24,280	25,130	26,010	26,920	27,862	28,838	29,847	30,891	31,973	33,092	34,250	35,449	36,689	37,974
Grounds:	3.5%	80,935	83,767	86,699	89,734	92,874	96,125	99,489	102,972	106,576	110,306	114,166	118,162	122,298	126,578
Other: Fire Alarm Monitoring	3.5%	19,424	20,104	20,808	21,536	22,290	23,070	23,877	24,713	25,578	26,473	27,400	28,359	29,352	30,379
Other: Elevator	3.5%	40,467	41,884	43,350	44,867	46,437	48,063	49,745	51,486	53,288	55,153	57,083	59,081	61,149	63,289
Other: Misc state & local fees	3.5%	30,108	31,161	32,252	33,381	34,549	35,759	37,010	38,305	39,646	41,034	42,470	43,956	45,495	47,087
Service Amenities Budget	3.5%	100,359	103,872	107,507	111,270	115,164	119,195	123,367	127,685	132,154	136,779	141,566	146,521	151,649	156,957
Other: Issuer fee	2.5%	31,227	32,007	32,808	33,628	34,468	35,330	36,213	37,119	38,047	38,998	39,973	40,972	41,996	43,046
Real Estate Taxes	2.0%	34,306	34,993	35,692	36,406	37,134	37,877	38,635	39,407	40,195	40,999	41,819	42,656	43,509	44,379
Replacement Reserve	0.0%	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
TOTAL EXPENSES		1,540,746	1,591,640	1,644,297	1,698,779	1,755,149	1,813,473	1,873,818	1,936,255	2,000,856	2,067,698	2,136,857	2,208,415	2,282,455	2,359,064
Cash Flow Prior to Debt Service (NOI)		1,287,411	1,307,221	1,327,035	1,346,836	1,366,607	1,386,327	1,405,977	1,425,535	1,444,978	1,464,282	1,483,422	1,502,371	1,521,101	1,539,582
DEBT SERVICE - Conventional Permanent Loan		805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301	805,301
Transit Oriented Development (HCD)		42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
FORECASTED CASH AVAILABLE		440,110	459,920	479,734	499,535	519,306	539,026	558,676	578,234	597,677	616,981	636,121	655,070	673,800	692,280
Percent of Gross Revenue	8% Max	14.88%	15.17%	15.44%	15.69%	15.91%	16.11%	16.29%	16.45%	16.59%	16.71%	16.80%	16.88%	16.94%	16.98%
25% Debt Service Test	Yr 1-3 Max	51.94%	54.28%	56.62%	58.96%	61.29%	63.62%	65.94%	68.24%	70.54%	72.82%	75.08%	77.31%	79.52%	81.70%
Debt Coverage Ratio	1.15 Min	1.52	1.54	1.57	1.59	1.61	1.64	1.66	1.68	1.71	1.73	1.75	1.77	1.80	1.82
Partnership Management Fee	3.0%	30,252	31,159	32,094	33,057	34,049	35,070	36,122	37,206	38,322	39,472	40,656	41,876	43,132	44,426
Asset Management Fee	3.0%	7,563	7,790	8,024	8,264	8,512	8,768	9,031	9,301	9,581	9,868	10,164	10,469	10,783	11,106
Cash Available for Ground Lease		402,295	420,970	439,616	458,214	476,745	495,188	513,523	531,726	549,774	567,641	585,301	602,726	619,885	636,748
Ground Lease Payment - based on NOI	5%	20,115	21,049	21,981	22,911	23,837	24,759	25,676	26,586	27,489	28,382	29,265	30,136	30,994	31,837
Cash Available for Deferred Developer Fee		382,180	399,922	417,635	435,303	452,907	470,429	487,847	505,140	522,286	539,259	556,036	572,589	588,891	604,911
Deferred Fee	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Distribution		382,180	399,922	417,635	435,303	452,907	470,429	487,847	505,140	522,286	539,259	556,036	572,589	588,891	604,911
Annual Payment to HCD	50.00%	\$ 191,090	\$ 199,961	\$ 208,818	\$ 217,652	\$ 226,454	\$ 235,215	\$ 243,924	\$ 252,570	\$ 261,143	\$ 269,630	\$ 278,018	\$ 286,295	\$ 294,446	\$ 302,456
Annual Payment to Affirmed	50.00%	\$ 191,090	\$ 199,961	\$ 208,818	\$ 217,652	\$ 226,454	\$ 235,215	\$ 243,924	\$ 252,570	\$ 261,143	\$ 269,630	\$ 278,018	\$ 286,295	\$ 294,446	\$ 302,456

15-YEAR CASH FLOW PROJECTION

ShoreLINE (AKA Grantville Trolley Affordable)

	Inflation Factor	Year 29 2052	Year 30 2053	Year 31 2054	Year 32 2055	Year 33 2056	Year 34 2057	Year 35 2058
Rental Income	2.5%	3,592,134	3,681,937	3,773,986	3,868,335	3,965,044	4,064,170	4,165,774
PBV INCOME IF APPLICABLE	2.5%	586,155	600,809	615,829	631,225	647,005	663,181	679,760
TOTAL GROSS POTENTIAL REVENUE		4,178,289	4,282,746	4,389,815	4,499,560	4,612,049	4,727,350	4,845,534
Other Income	5.0%	208,914	214,137	219,491	224,978	230,602	236,368	242,277
Vacancy @	2.5%	26,737	27,405	28,091	28,793	29,513	30,251	31,007
TOTAL NET RENTAL INCOME		3,996,111	4,096,014	4,198,414	4,303,375	4,410,959	4,521,233	4,634,264
Advertising:	3.5%	20,961	21,695	22,454	23,240	24,054	24,896	25,767
Legal:	3.5%	31,442	32,543	33,682	34,860	36,080	37,343	38,650
Accounting/Audit:	3.5%	34,062	35,254	36,488	37,765	39,087	40,455	41,871
Security:	3.5%	183,412	189,831	196,476	203,352	210,470	217,836	225,460
General Office Costs:	3.5%	91,706	94,916	98,238	101,676	105,235	108,918	112,730
Total Management Fee:	3.5%	298,933	309,396	320,225	331,432	343,033	355,039	367,465
Gas:	3.5%	52,403	54,238	56,136	58,101	60,134	62,239	64,417
Electricity:	3.5%	117,906	122,035	126,306	130,726	135,302	140,037	144,939
Water/Sewer:	3.5%	222,715	230,510	238,577	246,928	255,570	264,515	273,773
On-site Manager(s):	3.5%	222,715	230,510	238,577	246,928	255,570	264,515	273,773
Maintenance Personnel:	3.5%	139,393	144,272	149,321	154,548	159,957	165,555	171,350
Other: Payroll Burden/Taxes	3.5%	90,527	93,695	96,975	100,369	103,882	107,518	111,281
Total Insurance:	3.5%	91,706	94,916	98,238	101,676	105,235	108,918	112,730
Painting:	3.5%	78,605	81,356	84,204	87,151	90,201	93,358	96,626
Repairs:	3.5%	65,504	67,797	70,170	72,626	75,168	77,799	80,522
Trash Removal:	3.5%	65,504	67,797	70,170	72,626	75,168	77,799	80,522
Exterminating:	3.5%	39,303	40,678	42,102	43,575	45,101	46,679	48,313
Grounds:	3.5%	131,009	135,594	140,340	145,252	150,335	155,597	161,043
Other: Fire Alarm Monitoring	3.5%	31,442	32,543	33,682	34,860	36,080	37,343	38,650
Other: Elevator	3.5%	65,504	67,797	70,170	72,626	75,168	77,799	80,522
Other: Misc state & local fees	3.5%	48,735	50,441	52,206	54,034	55,925	57,882	59,908
Service Amenities Budget	3.5%	162,451	168,136	174,021	180,112	186,416	192,940	199,693
Other: Issuer fee	2.5%	44,123	45,226	46,356	47,515	48,703	49,921	51,169
Real Estate Taxes	2.0%	45,267	46,172	47,095	48,037	48,998	49,978	50,978
Replacement Reserve	0.0%	63,000	63,000	63,000	63,000	63,000	63,000	63,000
TOTAL EXPENSES		2,438,330	2,520,346	2,605,208	2,693,016	2,783,870	2,877,879	2,975,151
Cash Flow Prior to Debt Service (NOI)		1,557,782	1,575,668	1,593,206	1,610,359	1,627,089	1,643,354	1,659,113
DEBT SERVICE - Conventional Permanent Loan		805,301	805,301	805,301	805,301	805,301	805,301	805,301
Transit Oriented Development (HCD)		42,000	42,000	42,000	42,000	42,000	42,000	42,000
FORECASTED CASH AVAILABLE		710,481	728,367	745,905	763,058	779,788	796,053	811,812
Percent of Gross Revenue	8% Max	17.00%	17.01%	16.99%	16.96%	16.91%	16.84%	16.75%
25% Debt Service Test	Yr 1-3 Max	83.85%	85.96%	88.03%	90.06%	92.03%	93.95%	95.81%
Debt Coverage Ratio	1.15 Min	1.84	1.86	1.88	1.90	1.92	1.94	1.96
Partnership Management Fee	3.0%	45,759	47,131	48,545	50,002	51,502	53,047	54,638
Asset Management Fee	3.0%	11,440	11,783	12,136	12,500	12,875	13,262	13,660
Cash Available for Ground Lease		653,282	669,453	685,223	700,556	715,411	729,745	743,514
Ground Lease Payment - based on NOI	5%	32,664	33,473	34,261	35,028	35,771	36,487	37,176
Cash Available for Deferred Developer Fee		620,618	635,980	650,962	665,528	679,640	693,258	706,339
Deferred Fee	1,000,000	-	-	-	-	-	-	-
	2.0%	-	-	-	-	-	-	-
balance		-	-	-	-	-	-	-
Cash Available for Distribution		620,618	635,980	650,962	665,528	679,640	693,258	706,339
Annual Payment to HCD	50.00%	\$ 310,309	\$ 317,990	\$ 325,481	\$ 332,764	\$ 339,820	\$ 346,629	\$ 353,170
Annual Payment to Affirmed	50.00%	\$ 310,309	\$ 317,990	\$ 325,481	\$ 332,764	\$ 339,820	\$ 346,629	\$ 353,170

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 and credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AML. 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 San Diego Housing Commission (Housing Commission) 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, or the 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. This process does not make the Housing Commission, the Housing Authority, or the City of San Diego financially or legally liable for the bonds or for the project.

[Note: Members of the Housing Commission or the San Diego City Council may be asked to take two actions at this stage in the bond process -- one in their capacity as approving the TEFRA hearing resolution and another as approving the bond inducement.]

- 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 Commission and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders, if rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or

summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

ATTACHMENT 6 - FINANCIAL ADVISOR'S ANALYSIS

ROSS FINANCIAL

1736 Stockton Street, Suite One • San Francisco, CA 94133 • (415) 912-5612 • FAX (415) 912-5611

October 27, 2021

Mr. Joe Correia
Sr. Real Estate Project Manager
Housing Finance Real Estate Division
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: ShoreLINE Apartments

Dear Mr. Correia:

The San Diego Housing Commission (the “Commission”) has retained Ross Financial as its independent municipal advisor, in part, to analyze the feasibility of issuing tax-exempt and taxable bonds (the “Bonds”), for the ShoreLINE Apartments 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 Affirmed Housing Group (“Affirmed”), which has created the borrower entity (the “Borrower”) for the Development. The materials include: (1) the joint application to the California Debt Limit Allocation Committee (“CDLAC”) and California Tax Credit Allocation Committee (“CTCAC”), (2) the financing commitment from California Bank and Trust, (3) the market study performed by Novogradac in support of the application to CDLAC and CTCAC, and (4) Affirmed’s pro forma financial schedules for the Development. Ross Financial has not visited the site of the proposed Development and had no role in the selection of the Lender or in developing the overall financing structure.

OVERVIEW OF THE DEVELOPMENT

Development Summary. The Development is a transit-oriented, new construction multifamily rental housing development that will contain 126 studio, 1-bedroom, 2-bedroom and 3-bedroom units in a single building with dual elevator access to all floors. The Development will consist of 124 affordable units and 2 unrestricted manager’s units.

The Development will consist of 5 stories of Type III modified wood construction building over two stories of Type I concrete podium. The gated garage levels contain 54 parking spaces with an additional 11 surface parking spaces adjacent to the driveway. The ground level of the Development consists of residential units, parking, bike storage, staff offices and an assembly and entertainment area with outdoor patios. The upper levels contain residential units, laundry rooms, and a podium-level courtyard. Building amenities include shaded outdoor gathering spaces with built-in seating and planters, play areas for children and a community barbecue station. Building access is monitored 24/7, with secured access to residents only. Water-saving measures will be employed throughout the project and all available rooftop space will be used for solar PV. The Development will be Build It Green® GreenPoint Rated.

Unit amenities will include energy-efficient ranges, refrigerators, dishwashers and HVAC. A minimum of 19 units will contain mobility features and 13 units will contain communication features.

Unit and Affordability Mix. The unit mix and affordability restrictions for Development is expected to be as follows:

ShoreLINE	Unit Mix	30% AMI**	40% AMI**	50% AMI**	60% AMI**
Studio/1 Bath	38	22	4	12	
1 Bedroom/1 Bath	23	10		13	
2 Bedroom/1 Bath	32*	4		2	25
3 Bedroom/1 Bath	33*	1		12	19
Total Units	126	37	4	39	44

*Includes 1 non-rental manager’s unit in these unit types

** AMI = Area Median Income

With the exception of 12 studio units, all units restricted to 30% AMI will be supported by non-PSH Project-Based Vouchers.

Description of Project Site. The Development is to be constructed on an existing Metropolitan Transit Service (“MTS”) parking lot that will be leased to the Borrower pursuant to a 99-year Ground Lease (the “Ground Lease”). The site is located at 4470 and 4574 Alvarado Canyon Road in San Diego. The site is approximately 1.05 acres, irregular in shape and zoned CC 3-9 Community Commercial, and is part of the Community Plan implementation CPIOZ-A (Grantville), which is intended to encourage transit-oriented development.

The site is located in a mixed-use urban neighborhood. It is part of a larger development surrounding the site, with another parcel to be developed as market rate housing by Greystar.

Land use is as follows:

- To the north: a reinforcing steel supplier and retail uses.
- To the south: a rail station
- To the west: commercial and retail uses
- To the east: commercial and retail uses

Ownership of the Development/Borrower. The ownership entity for the Development will be AHG Grantville Trolley Family Housing, L.P., a single asset California limited partnership consisting of: (a) AHG Grantville, LLC, created by Affirmed, which will serve as Administrative General Partner, (b) CFAH Housing, LLC, a California not-for-profit public benefit corporation created by Affirmed, which will serve as Managing General Partner and (c) a tax credit limited partnership entity created by Boston Financial.

Affirmed Experience. According to Affirmed, the firm has 29 years of experience in financing, developing and/or rehabilitating multifamily rental housing. This experience encompasses more than 4,000 affordable rental and for-sale apartments and homes. Affirmed's most recent activity with the Housing Commission includes:

- Hollywood Palms Apartments, a 94-unit new construction completed in December 2018
- Luna at Pacific Highlands Ranch, a 77-unit new construction family project in the Pacific Highlands Ranch, completed in November 2018
- Cypress Apartments, a 63-unit special needs/SRO project in Centre City, completed in July 2017
- Cielo Carmel Apartments, a 197-unit new construction family project in the Pacific Highlands Ranch, completed in July 2016;
- Connections Housing, a 75-unit acquisition-rehabilitation project in Centre City, completed in December 2012;
- CityScene Apartments (formerly known as Georgia Street Apartments), a 31-unit new construction project in North Park, completed in May 2012;
- Riverwalk Apartments, a 50-unit new construction project in Otay Mesa-Nestor, completed in June 2011;
- 1050 B Apartments, a 229-unit new construction located in Centre City, completed in April 2010.

CDLAC/CTCAC. On May 25, 2021, the Housing Commission filed a joint application to CDLAC and CTCAC requesting a private activity bond allocation of \$31,483,880 for the

Development, along with a reservation of 4% Federal and State tax credits. On August 11, 2021, CDLAC awarded a private activity bond allocation in the requested amount and CTCAC reserved the requested 4% Federal and State tax credits.

In connection with the CDLAC/CTCAC application process, on January 26, 2021, the Housing Authority adopted a resolution of intent to issue tax-exempt obligations 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 of San Diego and approved on February 1, 2021. As the TEFRA approval is valid for one year, another TEFRA hearing and approval is scheduled for December 7, 2021.

PROPOSED FINANCING

Project Costs and Funding. According to most recent projections provided by Affirmed, the total costs of the Development, including construction and all soft costs, are estimated at \$62,703,426. The estimated sources of funds will differ during the construction period and following construction and lease-up (“at permanent”), as shown in the following table based on the most recent projections:

Sources of Funds	Construction	Permanent
Tax-Exempt Bond Proceeds	\$31,483,880	\$15,683,021
Taxable Bond Proceeds	24,567,507	--
Paydown of Construction Loan	(4,771,062)	
HCD TOD Loan	--	10,000,000
Tax Equity – Federal and State	9,005,101	36,020,405
Deferred Costs	2,418,000	
Deferred Developer Fee	--	1,000,000
Total	\$62,703,426	\$62,703,426
Uses of Funds		
Land Cost	\$1	\$1
Site Work	2,601,234	2,601,234
Construction	40,242,272	40,242,272
Architectural & Engineering	2,580,500	2,580,500
Contingency Costs (Owner, Hard and Soft)	5,533,313	5,580,884
Impact Fees and Permits	2,086,527	2,266,590
Financing Fees and Interest	4,445,950	4,630,000
Reserves	475,000	480,000
Misc. Soft Costs and Legal	1,238,629	1,469,156
Developer Fee*	3,500,000	3,500,000
Total	\$62,703,426	\$62,703,426

*Cash developer fee is \$2,500,000 with \$1,000,000 deferred

Description of Financing. The expectation (based on the most recent pro forma) is that the Housing Authority will issue:

- The Bonds in two series: (a) a tax-exempt series in the estimated amount of \$31,483,880 and (b) a taxable series in the estimated amount of \$24,567,507 (but not to exceed \$27,000,000).

The Bonds will have the following features:

- The tax-exempt Bonds will be purchased by Zions Bancorporation N.A. dba California Bank and Trust (“CBT” or the “Lender”) and the taxable Bonds will be purchased directly by CBT;
- The Bonds will be issued on a draw down basis, with interest payable only on the amounts drawn;
- Following construction completion (expected in approximately 25 months), the taxable Bond will be repaid in part from Federal tax credit proceeds. Following lease-up (expected in 31 months after closing) (at “Conversion”), the remainder of the taxable Bond will be repaid in full and the tax-exempt Bond will be paid down to a permanent estimated par of \$15,683,021. The sources of repayment will be Federal and State low income housing tax credits and the HCD TOD loan.
- Prior to Conversion, the Bonds will bear a variable interest rate equal to AMERIBOR + 1.35%, with an index floor of 1.00%. AMERIBOR is an alternative index to LIBOR which is scheduled to be phased out by June 30, 2023. The assumed rate during the construction period is 2.85%. At Conversion, the tax-exempt Bond will convert to a fixed rate that will be set at Closing. The rate will be established by reference to a formula (15-year US Treasury Rate plus 2.35% times 0.87%, with an all-in floor rate of 3.75%.
- The tax-exempt Bond will have a term of 18 years from Closing (i.e., in 2040). Following Conversion, the tax-exempt Bond will amortize on a 35-year basis. The taxable Bond is expected to have a stated maturity of approximately 4 years from Closing and will be repaid in full at Conversion as Bond above.
- The Bonds are expected to close by late December.

The Lender will execute a document representing that it has sufficient knowledge and experience to evaluate the risks and merits associated with making the loans evidenced by the Bonds and its intention to hold the Bonds for its account. The Lender may transfer all or a portion of the Bonds only to transferees that execute a document with similar representations.

Housing Commission Financial Involvement. The Housing Commission has no financial involvement with the Development.

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

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

- Tax Credit Regulatory Agreement requirements under which all units must be affordable at 60% AMI for a 55-year term to remain eligible for tax credits; and
- The Ground Lease between MTS and the Borrower also is expected to contain affordability restrictions but they are expected to be less restrictive than the above regulatory agreements.

Cash Flow for the Development. The Borrower provided pro forma cash flows for the Development. The following table summarizes key elements of the most recent proforma:

	ShoreLINE
Assumptions	
Vacancy	5%
Revenue Escalation	2.5%
Operating Expense Escalation	3.5%
Cash Flow and Coverage	
Stabilized Net Income – First Full Year	\$2,001,563
Operating Expenses	(872,439)
Other Expenses ¹	(111,100)
Net Operating Income	\$1,018,024
Tax-Exempt Bond Debt Service ²	(805,301)
HCD Loan Payment ³	(42,000)
Debt Service Coverage ⁴	1.20x
Net Project Cash Flow	\$170,723
MGP and LP Fees	(25,000)
Ground Lease Payment (5% of NOI after MGP and LP Fees)	(7,286)
Deferred Developer Fee (100% of excess flow)	(138,437)
Net Cash Flow	0

¹ Other Expenses include Commission's fee at permanent is 0.125% x the permanent Bond amount (\$15,683,021), monitoring fees, replacement reserves and taxes

² Assumes an initial permanent Bond par of \$15,683,021 amortized on a 35-year basis at a rate of 3.75%

³ 0.42% times the HCD Loan of \$10,000,000

⁴ Net operating income divided by sum of Bond Debt Service + HCD Loan Payment

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

Escalation	Revenues	Year				
		1	2	3	4	5
2.50%	Gross Scheduled Rent	1,799,220	1,844,201	1,890,306	1,937,563	1,986,002
2.50%	Rent Subsidy	293,592	300,932	308,455	316,166	324,071
	less 5% vacancy	(104,641)	(107,257)	(109,938)	(112,686)	(115,504)
2.50%	Miscellaneous Income	13,392	13,727	14,070	14,422	14,782
	Total Net Income	2,001,563	2,051,602	2,102,893	2,155,465	2,209,351
	Expenses					
3.50%	Operating Expenses	(791,839)	(819,553)	(848,238)	(877,926)	(908,653)
3.50%	Service Ameniitiess	(62,000)	(64,170)	(66,416)	(68,741)	(71,146)
	Replacement Reserves	(63,000)	(63,000)	(63,000)	(63,000)	(63,000)
2.00%	Taxes	(26,000)	(26,520)	(27,050)	(27,591)	(28,143)
3.50%	Misc. State and Local Fees	(18,600)	(19,251)	(19,925)	(20,622)	(21,344)
2.50%	Issuer Fee	(22,100)	(22,653)	(23,219)	(23,799)	(24,394)
	Total Expenses + Reserves	(983,539)	(1,015,147)	(1,047,848)	(1,081,679)	(1,116,681)
	Net Operating Income	1,018,024	1,036,456	1,055,045	1,073,785	1,092,670
	Annual Bond Debt Service	(805,301)	(805,301)	(805,301)	(805,301)	(805,301)
	HCD	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)
	Debt Service Coverage	1.20x	1.22x	1.25x	1.27x	1.29x
	Available Cash Flow after Permanent Loan Debt Service	170,723	189,155	207,744	226,484	245,369
3.00%	Managing GP Fee	(20,000)	(20,600)	(21,218)	(21,855)	(22,510)
3.00%	LP Fee	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)
	Project Cash Flow after MGP and LP Fees	145,723	163,405	181,221	199,166	217,231
5% NOI	Ground Lease Payment	(7,286)	(8,170)	(9,061)	(9,958)	(10,862)
	Project Cash Flow after Ground Lease Payment	138,437	155,234	172,160	189,208	206,370
	Deferred Developer Fee	(138,437)	(155,234)	(172,160)	(189,208)	(206,370)
	Project Cash Flow after Deferred Developer Fee	0	0	0	0	0

PUBLIC PURPOSE

The Bonds are expected to result in the long-term affordability of 124 studio, one, two and three-bedroom units in the City of San Diego. Of these units, 37 units will be restricted and affordable to households earning 30% AMI; 4 units will be restricted to and affordable to households earning 40% AMI; 39 units will be restricted and affordable to households earning 50% AMI; and 44 units will be restricted and affordable to households earning 60% AMI. Two units will be occupied by resident managers and be unrestricted.

The Bond Regulatory Agreement and the Tax Credit Regulatory 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 portion of the construction costs of the Development. As proposed, the Bonds will result in the long-term affordability of 124 studio, one, two and three-bedroom units in the City of San Diego 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 purchased by the Lender, which has indicated its intention to hold the Bonds for its own account. The Bonds are expected to be paid down to \$15,683,021 following conversion.

The primary risk is construction and lease-up risk – that the Development is not completed and/or leased up in a timely fashion. Given the development and project management experience of Affirmed, the target tenant population and the demand for affordable units, this risk seems remote. This risk is borne entirely by the Lender.

If the Housing Authority issues the Bonds, the Commission would receive an issuer fee at Bond closing of \$140,128: equal to 0.25% times the initial aggregate par amount of the tax-exempt and taxable Bonds. The Commission also would receive estimate annual fees of:

- \$62,500 to monitor the Bonds during the construction period (based on an aggregate par of \$56,051,387 for the Bonds times 0.125% (\$70,064 but subject to a maximum fee of \$62,500), and
- \$19,604 to monitor the tax-exempt Bonds after conversion (assuming an estimated permanent tax-exempt Bond of \$15,683,021 times 0.125%) plus (b) a per unit monitor fee of \$150/unit).
- A minimum of \$10,000 following repayment of the Bonds through the end of the 55 year CDLAC compliance period.

Costs of issuance will be funded by the Borrower from low income housing tax credit contributions and/or other funds. 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 source of income other than the Development and is generally not required to make up any cash flow shortfalls. Accordingly, Affirmed will be providing its indemnification.

RECOMMENDATIONS

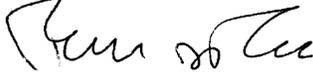
Ross Financial recommends that the Housing Authority proceed with the issuance of the Bonds based on the following findings:

- The Bonds will achieve a public purpose by providing an aggregate of 124 affordable units, with all units restricted to income levels at 30%, 40%, 50% and 60% of AMI.
- The Bonds will evidence tax-exempt loans funded by a well-established, highly capitalized bank that is active in affordable housing lending. The Bonds will be subject to restrictive transfer limitations at all times.
- 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 Affirmed on behalf of the Borrower, there should be sufficient funds to complete the Development and the Development provides adequate cash flow to cover permanent loan debt service on the Bonds.

Mr. Joe Correia
Re: ShoreLINE Apartments
October 27, 2021
Page 9 of 9

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Peter J. Ross". The signature is fluid and cursive, with a large initial "P" and "R".

Peter J. Ross
Principal



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

Statement for Public Disclosure

1. Name of CONTRACTOR: Affirmed Housing Group, Inc.
2. Email: James@affirmedhousing.com
2. Address and Zip Code: 13520 Evening Creek Drive N Suite 160, San Diego, CA 92128
3. Telephone Number: 858-679-2828
4. Name of Principal Contact for CONTRACTOR: Jimmy Silverwood
5. Federal Identification Number or Social Security Number of CONTRACTOR: 26-0812994
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 (*select and upload requested documents*):

- A corporation (*Upload Articles of Incorporation*)
- A nonprofit or charitable institution or corporation. (*Upload copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status*)
- A partnership known as (Name): _____

Check one:

- General Partnership (*Upload statement of General Partnership*)
- Limited Partnership (*Upload Certificate of Limited Partnership*)
- A business association or a joint venture known as: _____
(*Upload joint venture or business association agreement*)
- A Federal, State or local government or instrumentality thereof.
- Other (*Please explain*): _____

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

August 7, 2007



8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
 - c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
 - d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
 - e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: James Silverwood	President/CEO, 100% Interest
Address: 13520 Evening Creek Dr. N. Ste 160	
San Diego, CA 92128 (858) 386 -5175	
Name:	
Address:	
Name:	
Address:	

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

No.

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

No.



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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A (See 8)	
Address:	
Name:	
Address:	
Name:	
Address:	

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A (see 8)	
Address:	
Name:	
Address:	
Name:	
Address:	



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

Name and Address	Relationship to CONTRACTOR
Name: <u>Affirmed Housing Group, a CA Corp</u>	Sister Company (combined group for reporting financials)
Address: <u>13520 Evening Creek Drive N. Suite 160</u> <u>San Diego, CA 92128</u>	
Name:	
Address:	
Name:	
Address:	

14. Provide description of 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 financial statements that was requested (attached) as part of the Application, including, but not necessarily limited to, profit and loss statements and statements of financial position: See attached financial (CONFIDENTIAL)

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:
TCAC, CDLAC, CA Department of Housing and Community Development

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

- a. In banks/savings and loans:
 Name: US Bank, Citi, Fidelity
 Address: (Provide upon Request - See Financials)
 Amount: \$ 2 million
- b. By loans from affiliated or associated corporations or firms:
 Name: US Bank
 Address: 4747 Executive Drive, 3rd Floor, San Diego, CA 92121
 Amount: \$ 750,000 1,500,000



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

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

Additional Information, as needed: _____

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

Name and Address	Contact Name
Name: Bank of California	John Peterson
Address: 4655 Executive Drive, Suite 380, San Diego, CA 92121	
Name: Citibank	Christopher D Meyers
Address: 740 Lomas Sante Fe Drive, Suite 210 Solana Beach, CA 92075	
Name:	
Address:	

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, provide 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, for each case, provide (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Upload any explanation deemed necessary:



Case 1: _____

Case 2: _____

Case 3: _____

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

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
	Please see attached bond list			No legal action on any of the bond

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

a. Name and addresses of such contractor or builder:

Name and Address	Affiliation
Name: N/A	
Address:	
Name:	
Address:	
Name:	
Address:	



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

Yes No

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

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

General description of such work: _____

Complete one table for each project:

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



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

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



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

Identification of Contract or Development	Location	Amount	Date to be Completed
n/a			

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

Awarding Agency	Amount	Date Opened
n/a		

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:

n/a

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:

N/A

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

Yes No

If yes, please explain:

N/A

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.

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned



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

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

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

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

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

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

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)
n/a					



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

n/a

Four horizontal lines for additional text.

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.

Over 20 years of experience in affordable housing and 4,000+ units built to date; strong financial and strong relationships with lenders, investors, cities and localities

Two horizontal lines for additional text.

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:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
11/15/2017	Grantville Veteran housing, L.P. - Zephyr (Entity - SDHC)	Current	3,000,000
12/14/2017	Twain Housing, L.P. - Stella (Entity - SDHC)	Current	7,500,000
12/22/2017	Fairmount Family Housing, L.P. Bluewater (Entity - SDHC)	Current	9,468,500

7/21/2015 Imperial Urban Housing, L.P. - Cypress (Entity- Current 3,450,000

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

Yes No

If yes, please 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, please explain: _____



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

1. Name: Timothy Elliot, City of Los Angeles Development and Financing Department

Address: 1200 West 7th Street, Los Angeles CA 90017

Phone: (213) 808-8596

Project Name and Description: Vermont Villas - 79 units PSH Veterans & Seniors

2. Name: Brad Richter, Deputy Director, Urban Division, Smart and Sustainable Communities at City of San Diego

Address: 9485 Aero Drive, M.S. 413, San Diego, CA 92123

Phone: (619) 533-7115

Project Name and Description: Ten Fifty B - High rise with 229 units between two phases

3. Name: Jacky Morales-Ferrand, Director of Housing - City of San Jose

Address: 200 E. Santa Clara St., San Jose, CA 95113

Phone: (480) 535-3855

Project Name and Description: Villas on the Park - 84 units

39. Provide 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.

N/A

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

Name	Experience
TBD	



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 22 day of December 20 at San Diego, California.

CONTRACTOR

By: _____

Signature

Title

[Handwritten Signature]
[Handwritten Title: President]



CERTIFICATION

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

By: [Signature]
Title: President
Dated: 12.22.20

By:
Title:
Dated:

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

JURAT

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 22nd day of December, 2020

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



[Signature]
Signature of Notary

SEAL

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "AFFIRMED HOUSING GROUP, INC.", FILED IN THIS OFFICE ON THE NINTH DAY OF AUGUST, A.D. 2007, AT 9:54 O'CLOCK A.M.



4405102 8100

080401471

You may verify this certificate online
at corp.delaware.gov/authver.shtml

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6505458

DATE: 04-07-08

STATE of DELAWARE
CERTIFICATE of INCORPORATION
A STOCK CORPORATION

- **First:** The name of this Corporation is AFFIRMED HOUSING GROUP, INC.
- **Second:** Its registered office in the State of Delaware is to be located at 40 E. Division Street, Suite A Street, in the City of Dover County of Kent Zip Code 19901. The registered agent in charge thereof is Paracorp Incorporated
- **Third:** The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- **Fourth:** The amount of the total stock of this corporation is authorized to issue is 1,000,000 shares (number of authorized shares) with a par value of \$1.00 per share.
- **Fifth:** The name and mailing address of the incorporator are as follows:
Name Joel L. Incorvaia
Mailing Address 445 Marine View Avenue, Suite 295
Del Mar, CA Zip Code 92014
- **I, The Undersigned,** for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 7th day of August, A D. 20 07

BY: 
(Incorporator)

NAME: Joel L. Incorvaia
(type or print)

Bond No.	Surety	Bond Type	Principal	Obligee	Job Description	Original Effective Date	Renewal Date	Premium	Bond Amount
4416581	SureTec Indemnity	Grading Bond	Fairmont Family Housing, LP	City of San Diego	Drawing No. 40205-D; Project No. 562765	12/17/19	12/17/20	\$1,112.00	\$88,930.00
4416582	SureTec Indemnity	Grading Bond	Fairmont Family Housing, LP	City of San Diego	Drawing No. 42060-D; Project No. 565855	12/17/19	12/17/20	\$2,304.00	\$205,407.00

updated 11.21.19

INSURED: Affirmed Housing Group

POLICY #: PHPK2103425

POLICY PERIOD: 03/01/2020

TO: 03/01/2021

PI-AH-6 (08/07)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**GENERAL LIABILITY DELUXE ENDORSEMENT:
AFFORDABLE HOUSING**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is understood and agreed that the following extensions only apply in the event that no other specific coverage for the indicated loss exposure are provided under this policy. If such specific coverage applies, the terms, conditions and limits of that coverage are the sole and exclusive coverage applicable under this policy, unless otherwise noted on this endorsement. The following is a summary of the Limits of Insurance and additional coverage provided by this endorsement. For complete details on specific coverages, consult the policy contract wording.

Coverage Applicable	Limit of Insurance	Page #
Damage To Premises Rented To You, All Covered Causes of Loss	\$1,000,000	2
Expected or Intended Injury-Property Damage	included	2
Non-Owned Watercraft	Less than 58 feet	2
Supplementary Payments – Bail Bonds	\$2,500	2
Supplementary Payment – Loss of Earnings	\$500 per day	2
Employee Indemnification Defense Coverage for Employee	\$10,000	3
Additional Insured – Committee, Organization and Subsidiary	Included	3
Additional Insured – Managers or Lessors of Premises	Included	3
Additional Insured – Lessor of Leased Equipment-Automatic Status when Required in Lease Agreement with You	Included	3
Additional Insured – Use of Watercraft	Included	4
Duties in the Event of Occurrence, Claim or Suit	Included	4
Unintentional Failure to Disclose Hazards	Included	4
Liberalization	Included	4
Bodily Injury – includes Mental Anguish	Included	4
Personal and Advertising Injury – includes Abuse of Process, Discrimination	Included	4

A. Damage To Premises Rented To You

If damage by fire to premises rented to you is not otherwise excluded from this Coverage Part, the word "fire" is changed to all Covered Causes of Loss where it appears in:

1. The last paragraph of **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** after the Exclusions;
2. Paragraph 6 of **SECTION III - LIMITS OF INSURANCE**;
3. Paragraph b.(1)(b) of 4. Other Insurance in **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**; and
4. Paragraph 9.a. "Insured contract" in **SECTION V - DEFINITIONS**.

The Damage To Premises Rented To You Limit section of the Declarations is amended to the greater of:

- a. \$1,000,000; or
- b. The amount shown in the Declarations as the Damage to Premises Rented to You Limit.

This is the most we will pay for all damage proximately caused by the same event, whether such damage results from a Covered Cause of Loss or any combination thereof.

B. Extended Property Damage

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions a. is deleted and replaced by the following:

a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

C. Non-Owned Watercraft

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions paragraph g. (2) is amended to read as follows:

- (2) A watercraft you do not own that is:
 - (a) Less than 58 feet long; and
 - (b) Not being used to carry persons or property for a charge;

This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft. This insurance is excess over any other valid and collectible insurance available to the insured whether primary, excess or contingent.

D. Supplementary Payments – Coverages A and B

In the **SUPPLEMENTARY PAYMENTS - COVERAGE A AND B** provision:

1. The limit for the cost of bail bonds is changed from \$250 to \$2,500; and
2. The limit for loss of earnings is changed from \$250 a day to \$500 a day.

E. Employee Indemnification Defense Coverage

Under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** the following is added:

3. We will pay, on your behalf, defense costs incurred by an "employee" in a criminal proceeding. The most we will pay for any "employee" who is alleged to be directly involved in a criminal proceeding is \$10,000 regardless of the numbers of employees, claims or "suits" brought or persons or organizations making claims or bringing "suits".

F. SECTION II - WHO IS AN INSURED is amended as follows:

1. If coverage for newly acquired or formed organizations is not otherwise excluded from this Coverage Part, paragraph 3.a is changed to read:
 - a. Coverage under this provision is afforded until the end of the policy period.
2. 2. c and d are deleted in their entirety and replaced with the following:
 - c. Any person or organization having proper temporary custody of your property if you cease to exist as a legal entity, but only:
 1. With respect to liability arising out of the maintenance or use of that property; and
 2. Until your legal representative has been appointed.
 - d. Your legal representative, if you cease to exist as a legal entity, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Each of the following is also an insured:
 - a. **Committee, Organization and Subsidiary** - Any committee, organization and subsidiary thereof which you control and actively manage on the effective date of this Coverage Part. However, coverage does not apply to any committee, organization and subsidiary not named in the Declarations as a Named Insured, if they are also insured under another policy, but for its termination or the exhaustion of its limits of insurance.
 - b. **Managers or Lessors of Premises** - Any person or organization with respect to their liability arising out of the ownership, maintenance or use of that part of the premises leased to you subject to the following additional exclusions:

This insurance does not apply to:

 - 1) Any "occurrence" which takes place after you cease to be a tenant in that premises.
 - 2) Structural alterations, new construction or demolition operations performed by or on behalf of that person or organization.
 - c. **Lessor of Leased Equipment – Automatic Status When Required in Lease Agreement With You** – any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization is to be added as an additional insured on your policy. Such person or organization is an insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

A person's or organization's status as an additional insured under this endorsement ends when their contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

- d. **Use of Watercraft** – any person, who with your consent, either uses or is responsible for the use of a watercraft that you do not own that is less than 58 feet long and is not being used to carry persons or property for a charge.

G. Duties in the Event of Occurrence, Claim or Suit

1. The requirement in condition 2.a. of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** that you must see to it that we are notified as soon as practicable of an "occurrence" or an offense, applies only when the "occurrence" or offense is known to:
 - a. You, if you are an individual;
 - b. A partner, if you are a partnership; or
 - c. An executive officer, director, or insurance manager, if you are a corporation.
2. The requirement in condition 2.b. that you must see to it that we receive notice of a claim or "suit" as soon as practicable will not be considered breached unless the breach occurs after such claim or "suit" is known to:
 - a. You, if you are an individual;
 - b. A partner, if you are a partnership; or
 - c. An executive officer, director, or insurance manager, if you are a corporation.

H. Unintentional Failure To Disclose Hazards

It is agreed that, based on our reliance on your representations as to existing hazards, if you should unintentionally fail to disclose all such hazards prior to the beginning of the policy period of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure.

I. Liberalization

If we revise this endorsement to provide more coverage without additional premium charge, we will automatically provide the additional coverage to all endorsement holders as of the day the revision is effective in your state.

J. Bodily Injury - Mental Anguish

The definition of "Bodily injury" is changed to read:

3. "Bodily injury":
 - a. Means bodily injury, sickness or disease sustained by a person, and includes mental anguish resulting from any of these; and
 - b. Except for mental anguish, includes death resulting from the foregoing (item a. above) at any time.

K. Personal and Advertising Injury – Abuse of Process, Discrimination

If **COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY COVERAGE** is not otherwise excluded from this Coverage Part, the definition of "Personal and Advertising Injury" is amended as follows:

1. Item 14 b. is revised to read:
 - a. Malicious prosecution or abuse of process:
2. Adding the following:

- a. "Personal and advertising injury" also means discrimination based on race, color, religion, sex, age or national origin, except when:
1. Done intentionally by or at the direction of, or with the knowledge or consent of:
 - a. Any insured; or
 - b. Any executive officer, director, stockholder, partner or member of the insured; or
 2. Directly or indirectly related to the employment, former or prospective employment, termination of employment, or application for employment of any person or persons by an insured; or
 3. Directly or indirectly related to the sale, rental, lease or sublease or prospective sales, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured; or
 4. Insurance for such discrimination is prohibited by or held in violation of law, public policy, legislation, court decision or administrative ruling.

The above does not apply to fines or penalties imposed because of discrimination.

AFFIRMED HOUSING GROUP

CONFIDENTIAL FINANCIALS

UNDER SEPARATE COVER

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 ONE OR MORE TAX-EXEMPT AND TAXABLE MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$58,483,880 TO FINANCE THE ACQUISITION AND CONSTRUCTION OF A MULTIFAMILY RENTAL HOUSING FACILITY TO BE KNOWN AS SHORELINE, 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 equipping of multifamily rental housing; and

WHEREAS, Grantville Trolley Family Housing, L.P., a California limited partnership (Borrower), has requested that the Authority issue bonds and loan the proceeds thereof to the Borrower to finance and/or refinance Borrower's acquisition and construction of a multifamily residential rental housing facility to be known as "ShoreLINE" (Project), consisting of 126 apartment units (including two manager units) to be located at 4470 Alvarado Canyon Road, San Diego, California; and

WHEREAS, the Board of Commissioners of the Authority (Board) desires that a portion of the units in the Project be available for low and very low income persons 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 equipping of the Project; and

WHEREAS, the Authority intends to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2021 Series D (or such other series designation as shall be set forth in the Indenture (defined herein) as finally executed) (Bonds), which Bonds may be designated in one or more subseries, which may be taxable or tax-exempt, to fund a loan to the Borrower (Loan) to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low and very-low income persons; and

WHEREAS, on the date hereof, the Council of the City of San Diego (City Council), following the giving of notice, is expected to consider for approval the issuance of revenue bonds for the Project following a “TEFRA” hearing as required by the Internal Revenue Code of 1986, as amended (Code) 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 bonds; and

WHEREAS, on August 11, 2021, CDLAC allocated to the Project \$31,483,880 of available State of California ceiling for private activity bonds under section 146 of the Code (the “Allocation Amount”); and

WHEREAS, the following documents are presented for consideration:

(1) The form of Indenture of Trust (Indenture), by and between the Authority and U.S. Bank National Association, as trustee (Trustee), including the form of Bonds attached to the Indenture as Exhibit A;

(2) The form of Loan Agreement (Loan Agreement), by and between the Authority and the Borrower;

(3) The form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and among the Authority, the Trustee and the Borrower; 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 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 and construction of the Project through the issuance of the Bonds in order to assist persons of low and 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 and Bonds. For the purpose of financing the acquisition and construction of the Project, the Authority approves the issuance of the Bonds, in one or more series or subseries, in an aggregate principal amount not to exceed \$58,483,880, provided that the total principal amount of any tax-exempt Bonds shall not exceed the Allocation Amount. The Bonds shall be issued, executed and delivered 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 attached as Exhibit A to 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 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 Chairperson of the Authority (Chairperson), the Vice Chairperson of the Authority (Vice Chairperson), the Executive Director of the Housing Authority (Executive Director), President & CEO, Deputy CEO, Executive VP Real Estate or Vice President Multifamily Housing Finance, and the official seal of the Authority, or a facsimile, shall be impressed or imprinted on the Bonds 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 approved. The Chairperson, the Vice Chairperson, the Executive Director, President & CEO, Deputy CEO, Executive VP Real Estate, Vice President Multifamily Housing Finance, and the Deputy Secretary of the Authority, or the designee of any such officer (such officers and any of his or her respective designees, collectively, Designated Officers) are each 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 approved. The Designated Officers are each 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 approved. The Designated Officers are each authorized to execute and deliver the Regulatory Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Regulatory Agreement approved in this Resolution.

Section 7. 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 certificate and agreement), any assignments of security documents or deed of trust, and other documents, including but not limited to those described in any of the documents approved by this Resolution, which 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 Loan in accordance with the Act and this Resolution.

Section 8. 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 which may be necessary or desirable in connection with any amendment of such documents, any transfer of the Project, any appointment or substitution of fiscal agent or lender, 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 which such officer may deem necessary or desirable to further the purposes of this Resolution.

Section 9. 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 10. 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
11/18/2021
Or.Dept: Housing Authority
Doc. No.: 2818403

INDENTURE OF TRUST

between

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Issuer**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

Dated as of [January 1, 2022]

relating to:

**[\$31,483,880]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds (ShoreLINE)
2022 Series B-1**

and

**[\$27,000,000]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds (ShoreLINE)
2022 Series B-2 (Taxable)**

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS AND GENERAL PROVISIONS

Section 1.01.	Definitions	2
Section 1.02.	Rules of Construction	10

ARTICLE II THE BONDS

Section 2.01.	Authorization	10
Section 2.02.	Terms of Bonds	10
Section 2.03.	Payment of Bonds.....	11
Section 2.04.	Execution of Bonds	12
Section 2.05.	Transfer of Bonds	12
Section 2.06.	Bond Register	13

ARTICLE III ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01.	Authentication and Delivery of the Bond.....	14
Section 3.02.	Application of Proceeds of Bonds/Draw Down Provisions	15
Section 3.03.	Disbursement of Bond Proceeds; Establishment of Construction Fund	16
Section 3.04.	Costs of Issuance Fund.....	17

ARTICLE IV REDEMPTION OF BONDS

Section 4.01.	Circumstances of Redemption.....	17
Section 4.02.	No Notice of Redemption.....	18
Section 4.03.	Effect of Redemption	18
Section 4.04.	Recycling Transactions	19

ARTICLE V REVENUES

Section 5.01.	Pledge of Revenues	19
Section 5.02.	Bond Fund	20
Section 5.03.	Investment of Moneys	21
Section 5.04.	Enforcement of Obligations	22

ARTICLE VI COVENANTS OF THE ISSUER

Section 6.01.	Payment of Principal and Interest.....	22
---------------	--	----

TABLE OF CONTENTS
(continued)

	Page
Section 6.02. Preservation of Revenues; Amendment of Documents.....	22
Section 6.03. Compliance with Indenture	22
Section 6.04. Further Assurances	23
Section 6.05. No Arbitrage	23
Section 6.06. Limitation of Expenditure of Proceeds.....	23
Section 6.07. Rebate of Excess Investment Earnings to United States	23
Section 6.08. Limitation on Issuance Costs.....	25
Section 6.09. Federal Guarantee Prohibition.....	25
Section 6.10. Prohibited Facilities.....	25
Section 6.11. Use Covenant.....	25
Section 6.12. Immunities and Limitations of Responsibility of Issuer	25
Section 6.13. No Recourse	26
Section 6.14. Limitation of Liability of Issuer and Its Officers, Employees and Agents.....	27

ARTICLE VII
DEFAULT

Section 7.01. Events of Default; Acceleration; Waiver of Default	28
Section 7.02. Institution of Legal Proceedings by Bondowner Representative	29
Section 7.03. Application of Moneys Collected by Bondowner Representative	29
Section 7.04. Effect of Delay or Omission to Pursue Remedy	30
Section 7.05. Remedies Cumulative.....	30
Section 7.06. Covenant to Pay Bonds in Event of Default.....	30
Section 7.07. Bondowner Representative Appointed Agent for Bondholder	31
Section 7.08. Power of Bondowner Representative to Control Proceedings	31
Section 7.09. Limitation on Bondholder’s Right to Sue	32

ARTICLE VIII
THE TRUSTEE AND AGENTS

Section 8.01. Duties, Immunities and Liabilities of Trustee	32
Section 8.02. Right of Trustee to Rely Upon Documents, Etc.....	35
Section 8.03. Trustee Not Responsible for Recitals	36
Section 8.04. Intervention by Trustee.....	36
Section 8.05. Moneys Received by Trustee to Be Held in Trust	37
Section 8.06. Compensation and Indemnification of Trustee, Bondowner Representative and Agents	37
Section 8.07. Qualifications of Trustee	37
Section 8.08. Removal, Resignation and Appointment of Successor Trustee	38
Section 8.09. Merger or Consolidation of Trustee	39
Section 8.10. Nondiscrimination; Penalties.....	39
Section 8.11. Compliance with Laws	39
Section 8.12. Proprietary or Confidential Information of the Issuer	39

TABLE OF CONTENTS
(continued)

	Page
Section 8.13. Audit and Inspection of Records	40
Section 8.14. Subcontracting	40
Section 8.15. Paying Agents	40

ARTICLE IX
MODIFICATION OF INDENTURE

Section 9.01. Modification of Indenture	40
Section 9.02. Effect of Supplemental Indenture	41
Section 9.03. Opinion of Counsel as to Supplemental Indenture	41
Section 9.04. Notation of Modification on Bond; Preparation of New Bond	41

ARTICLE X
DEFEASANCE

Section 10.01. Discharge of Indenture	41
Section 10.02. Payment of Bonds After Discharge of Indenture	42

ARTICLE XI
MISCELLANEOUS

Section 11.01. Successors of the Issuer	42
Section 11.02. Limitation of Rights to Parties and Bondholder	42
Section 11.03. Waiver of Notice	43
Section 11.04. Destruction of the Bond	43
Section 11.05. Separability of Invalid Provisions	43
Section 11.06. Notices	43
Section 11.07. Authorized Representatives	44
Section 11.08. Evidence of Rights of Bondholder	44
Section 11.09. Holidays	45
Section 11.10. Execution in Several Counterparts	45
Section 11.11. Governing Law, Venue	45
Section 11.12. Successors	45
Section 11.13. Non-Waiver of Rights	45

EXHIBIT A-1 FORM OF 2022 Series B-1 BOND

EXHIBIT A-2 FORM OF 2022 Series B-2 (TAXABLE) BOND

EXHIBIT B FORM OF INVESTOR'S LETTER

EXHIBIT C FORM OF CONSTRUCTION FUND DISBURSEMENT REQUEST

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of [January 1, 2022] (this “Indenture”), is 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, a national banking association, as Trustee hereunder (the “Trustee”);

RECITALS:

WHEREAS, in accordance with the Housing Authorities Law, Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the “Act”), the Issuer is empowered to issue bonds to finance the acquisition, construction, rehabilitation and development of multifamily rental housing for persons of low and moderate income; and

WHEREAS, pursuant to the Act, the Issuer proposes to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-1 (the “2022 Series B-1 Bonds”) and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-2 (Taxable) (the “2022 Series B-2 Bonds,” and together with the 2022 Series B-1 Bonds, the “Bonds”); and

WHEREAS, Grantville Trolley Family Housing, L.P., a California limited partnership (the “Borrower”), has applied to the Issuer to make a loan to the Borrower for the purpose of financing of the acquisition, construction and equipping of a 126-unit (including two manager units) multifamily rental housing development to be located at 4470 Alvarado Canyon Road, San Diego, California, on the land subject to the Ground Lease as described in Exhibit A to the Regulatory Agreement, to be known as “ShoreLINE” (as more particularly defined herein, the “Project”); and

WHEREAS, the provision of the Loans (as hereinafter defined), is authorized by the Act and will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue the 2022 Series B-1 Bonds in the maximum principal amount of \$[31,483,880], and to issue the 2022 Series B-2 Bonds in the maximum principal amount of \$[27,000,000], for the purpose of providing funding necessary for the acquisition and construction by the Borrower of the Project; and

WHEREAS, pursuant to a Loan Agreement dated as of even date herewith (the “Loan Agreement”) between the Issuer and the Borrower, the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower in two loans (collectively, the “Loans”) and the Borrower has agreed to (a) apply the proceeds of the Loans to pay a portion of the costs of acquisition and construction of the Project, (b) make payments sufficient to pay the principal of and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (c) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to

secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, the Issuer has determined that all conditions, things and acts required by the Act and by all other laws of the State of California, to exist, have happened and have been performed in satisfaction of conditions precedent to and in connection with the issuance of the Bonds exist, have happened, and have been performed in due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purposes, in the manner and upon the terms herein provided; and

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

AGREEMENT:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, the Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owner thereof, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Issuer covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective registered owner from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of the Loan Agreement and of any indenture supplemental hereto or agreement supplemental thereto, have the meanings herein specified, as follows:

“Act” shall mean Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented to apply to obligations incurred as of the Closing Date.

“Annual Fee,” when used with reference to the Issuer, means the Issuer’s ongoing annual fee specified in Sections 7(a)(ii) of the Regulatory Agreement.

“Authorized Amount” means, with respect to the 2022 Series B-1 Bond, \$[31,483,880], the authorized maximum principal amount of the 2022 Series B-1 Bond; and means, with respect to the 2022 Series B-2 Bond, \$[27,000,000], the authorized maximum principal amount of the 2022 Series B-2 Bond.

“Authorized Attesting Officer” shall mean the Secretary or Deputy Secretary of the Issuer, or such other officer or official of the Issuer who, in accordance with the laws of the State, the bylaws or other governing documents of the Issuer, or practice or custom, regularly attests or certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“Authorized Borrower Representative” shall mean any person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer, the Bondowner Representative and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by a managing member or general partner of the Borrower, as applicable, which certificate may designate an alternate or alternates and such persons as designated in the Loan Agreement.

“Authorized Issuer Representative” shall mean the Chairman of the Issuer, the Vice Chairman of the Issuer, the Executive Director of the Issuer, the Executive Vice President and Chief of Staff of the San Diego Housing Commission, the Senior Vice President of Real Estate Finance of the San Diego Housing Commission, the Vice President of Multifamily Housing Finance of the San Diego Housing Commission, or the Chief Operating Officer of the San Diego Housing Commission, and such additional person or persons, if any, duly designated by the Issuer in writing to act on its behalf and such additional person or persons, if any, duly designated by the Issuer in writing to act on its behalf.

“Bond Counsel” shall mean Orrick, Herrington & Sutcliffe LLP or any attorney at law or other firm of attorneys selected by the Issuer, of nationally recognized standing in matters pertaining to the federal tax status of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

“Bond Fund” shall mean the fund by that name established pursuant to Section 5.02 hereof.

“Bondowner” shall mean Zions Bancorporation, N.A. dba California Bank & Trust, and its successors and assigns as owner of the Bonds.

“Bondowner Representative” shall mean (a) Zions Bancorporation, N.A. dba California Bank & Trust and (b) any successor entity that is the owner of the Bonds, or any entity selected by the owner of the Bonds and designated as such in writing by the Bondowner to the Trustee and the Issuer.

“Bond Year” shall mean the one-year period beginning on [January 1] in each year and ending the last day in February in the following year, except that the first Bond Year shall begin on the Closing Date and end on [_____, 20__].

“Bonds” means, collectively, the 2022 Series B-1 Bonds and the 2022 Series B-2 Bond.

“Borrower” shall mean Grantville Trolley Family Housing, L.P., a California limited partnership, and its respective successors and assigns under the applicable provisions of the Loan Agreement, the Regulatory Agreement and the Disbursement Agreement.

“Business Day” means a day of the week (but not a Saturday, Sunday, or holiday) on which the offices of Bondowner are open to the public for carrying on substantially all of Bondowner’s business functions.

“Certificate of the Issuer” shall mean a certificate of the Issuer signed by an Authorized Issuer Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Certified Resolution” shall mean a copy of a resolution of the Issuer, certified by the Secretary or Deputy Secretary of the Issuer, to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification.

“City” means the City of San Diego, California.

“Closing Date” shall mean [Closing Date], the date of initial delivery of the Bonds and funding of the Initial Disbursement.

“Code” or “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof, such reference shall be deemed to include (a) the regulations promulgated by the United States Department of the Treasury under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Construction Fund” shall mean the fund by that name established pursuant to Section 3.03 hereof which includes a Bond Proceeds Account therein.

“Costs of Issuance” means the fees, costs, expenses and other charges incurred in connection with the issuance of the Bonds, the negotiation and preparation of the Indenture and each of the other Loan Documents and shall include, but shall not be limited to, the following: (a) counsel fees (including but not limited to Bond Counsel, Issuer’s counsel, Trustee’s counsel, Borrower’s counsel and Bondowner Representative’s counsel); (b) municipal advisor fees incurred in connection with the issuance of the Bonds; (c) initial Trustee acceptance and set-up fees and expenses (including fees of the counsel to the Trustee) incurred in connection with the issuance of the Bonds; (d) printing costs (for the Bonds and of any preliminary and final offering materials); (e) any recording fees; (f) any additional fees charged by the Issuer related to the issuance of the Bonds; and (g) costs incurred in connection with the required public notices generally and costs of the public hearing with respect to the 2022 Series B-1 Bonds.

“Deed of Trust” shall mean the Construction and Permanent Trust Deed with Assignment of Rents, Security Agreement and Fixture Filing, executed by the Borrower in favor of the Issuer as beneficiary (the beneficial interest under which is being assigned, concurrent with recording, by the Issuer to the Trustee) for the purpose of securing the obligations of the Borrower under the Loan Agreement, as such deed of trust may be originally executed or as from time to time supplemented or amended.

“Default Rate” means the interest rate then in effect on the Bonds plus five percent (5.0%), not to exceed the Maximum Rate.

“Disbursed Amount” means the portion of the Loans and the Bonds funded and Outstanding from time to time, as indicated on the applicable Bond and in the records of the Trustee.

“Disbursement Agreement” shall have the meaning contained in the Loan Agreement.

“Event of Default” as used herein other than with respect to defaults under the Loan Agreement shall have the meaning specified in Section 7.01 hereof, and as used in the Loan Agreement shall have the meaning specified in Section 6.01 thereof.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Obligation-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Department of the Treasury, Bureau of Public Debt, or (d) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

“Ground Lease” means that certain Ground Lease, dated as of [_____, 20__], between San Diego Metropolitan Transit Development Board, also known as the Metropolitan Transit System, a California public agency, as lessor, and the Borrower, as lessee, as the same may be amended from time to time, pursuant to which the Borrower holds a leasehold estate in the real property site described therein.

“Holder,” “holder,” “Bondholder,” “Owner” or “Bondowner” shall mean the person in whose name the Bonds are registered.

“Indenture” shall mean this Indenture of Trust, dated as of [January 1, 2022], between the Issuer and the Trustee, as originally executed or as it may from time to time be supplemented,

modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

“Initial Disbursement” means the initial advance of the proceeds of the 2022 Series B-1 Bonds on the Closing Date in an amount equal to \$[INITIAL ADVANCE – minimum \$55,000].

“Interest Payment Date” shall mean the first calendar day of each month, commencing [February 1, 2022].

“Investment Securities” shall mean any of the following (including any funds comprised of the following, which may be funds maintained or managed by the Trustee and its affiliates), but only to the extent that the same are acquired at Fair Market Value: [

(a) United States Treasury notes, bonds, bills, and other obligations for which the full faith and credit of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, are pledged for the payment of principal and interest (including State and Local Government Series);

(b) shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, (2) whose only investments are in (i) securities described in the preceding clause (a), (ii) general obligation tax-exempt securities rated “A” or better by the Rating Agency, or (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities if the repurchase agreements or reverse repurchase agreements are entered into only with those primary dealers which report to the Federal Reserve Bank of New York or with the 100 largest United States commercial banks, and (3) which are rated Am or Am-g or better by the Rating Agency, including money market funds for which the Trustee and its affiliates receive and retain a fee from the fund for providing investment advisory, transfer agency, custodial or other management services; or

(c) any security which is a general obligation of any state or any local government with taxing powers which is rated “A” or better by the Rating Agency.]

“Investor’s Letter” shall mean a letter from a purchaser of the Bonds in the form Exhibit B hereto.

“Investor Limited Partner” shall mean [_____] and its permitted successors and assigns.

“Issuer” shall mean the Housing Authority of the City of San Diego, a public body corporate and politic of the State of California, duly organized and existing under the Constitution and laws of the State of California, the issuer of the Bonds hereunder, and its successors and assigns.

“Loan Agreement” shall mean the Loan Agreement, dated as of [January 1, 2022], between the Issuer and the Borrower, pursuant to which the Issuer agrees to lend the proceeds of the Bonds to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

“Loan Documents” shall have the meaning given such term in the Loan Agreement.

“Loans” means, collectively, the 2022 Series B-1 Loan and the 2022 Series B-2 Loan.

“Maturity Date” shall mean, with respect to the 2022 Series B-1 Bonds [MATURITY DATE B-1] and with respect to the 2022 Series B-2 Bonds, [MATURITY DATE B-2].

“Maximum Rate” shall mean the lesser of (i) 12% per annum or (ii) the maximum interest rate permitted by law.

“Notes” means, collectively, the 2022 Series B-1 Note and the 2022 Series B-2 Note.

“Opinion of Counsel” shall mean a written opinion of counsel, who may be counsel for the Issuer, Bond Counsel, counsel for the Trustee or counsel for the Bondowner Representative.

“Outstanding,” when used as of any particular time with reference to a particular Bond, shall mean a principal amount of the Bond equal to the purchase price paid by the Bondowner to the Trustee for such Bond under this Indenture except:

(a) Any portion of such Bond theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Any portion of such Bond for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 10.01) shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bond); and

(c) A Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.05.

“Person” or “person” shall mean an individual, a limited liability company, a corporation, a partnership, a limited partnership, a limited liability partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

“Principal Office” shall mean the corporate trust office of the Trustee located at the address set forth in Section 11.06 hereof, or at such other place as the Trustee shall designate by notice given under said Section 11.06; provided however, that solely for purposes of the presentation and surrender of Bonds for payment, transfer or exchange, such Principal Office shall be the designated corporate trust operations or agency office of the Trustee.

“Principal Payment Date” shall mean any date on which principal of either of the Loans is due and payable.

“Project” means the acquisition, construction and equipping of a 126-unit (including two manager units) multifamily rental housing development to be located at 4470 Alvarado Canyon Road, San Diego, California, on the land subject to the Ground Lease as described in Exhibit A to the Regulatory Agreement, to be known as “ShoreLINE,” and 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 facilities.

“Project Costs” has the meaning given such term in the Regulatory Agreement.

“Qualified Project Costs” shall have the meaning ascribed thereto in the Regulatory Agreement.

“Rating Agency” shall mean Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies Inc., or its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Issuer.

“Rebate Analyst” shall mean any certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected by and at the expense of the Borrower, with the prior written consent of the Issuer, to make the computations required under Section 6.07 of this Indenture and Section 5.03(c) of the Loan Agreement.

“Rebate Fund” means the fund by that name established pursuant to Section 6.07 hereof.

“Redemption Date” shall mean, with respect to a Bond, any date designated as a date upon which the Bond is to be redeemed pursuant to this Indenture.

“Regulations” shall mean the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code.

“Regulatory Agreement” shall mean the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [January 1, 2022], among the Issuer, the Borrower and the Trustee, as originally executed and as the same may be amended or supplemented from time to time.

“Reserved Rights” means those certain rights of the Issuer, its officers, attorneys, accountants, employees, agents and consultants under the Loan Documents to indemnification and to payment or reimbursement of fees and expenses of the Issuer, including the Issuer’s Annual Fee, as well as the fees and expenses of counsel and indemnity payments, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorney’s fees and related expenses, its right to specifically enforce the Borrower’s covenants to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer), its rights to give or withhold consents, including consents to amendments, changes, modifications and alterations to the Loan Documents as specifically set forth herein and therein, and to the extent not included above, the rights specifically reserved by the Issuer under this Indenture, the Loan Agreement or the Regulatory Agreement.

“Responsible Officer” of (i) the Bondowner Representative shall mean any officer of the Bondowner Representative assigned to administer its duties hereunder, and (ii) the Trustee, shall mean the president, any managing director, any vice president, any assistant vice president, any senior associate, any associate or any other officer of the Trustee within the Principal Office (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Principal Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

“Revenues” means all amounts pledged hereunder to the payment of principal of and premium, if any, and interest on the Bond, consisting of any repayments of the Loans required or permitted to be made by the Borrower pursuant to the Notes, but such term shall not include payments to the United States, the Issuer or the Bondowner Representative pursuant to Sections 2.05, 2.06, 4.01, 5.03 and 8.08 of the Loan Agreement, Sections 6.07 or 8.06 hereof or pursuant to the Regulatory Agreement.

“2022 Series B-1 Bonds” shall mean the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-1, authorized to be issued and Outstanding hereunder.

“2022 Series B-2 Bonds” shall mean the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-2 (Taxable), authorized to be issued and Outstanding hereunder.

“2022 Series B-1 Loan” shall mean the loan of the proceeds of the 2022 Series B-1 Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of financing costs of the acquisition and construction of the Project.

“2022 Series B-2 Loan” shall mean the loan of the proceeds of the 2022 Series B-2 Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of financing costs of the acquisition and construction of the Project.

“2022 Series B-1 Note” shall mean the promissory note evidencing the obligation of the Borrower to repay the 2022 Series B-1 Loan, in the form required by the Loan Agreement, as amended or supplemented from time to time.

“2022 Series B-2 Note” shall mean the promissory note evidencing the obligation of the Borrower to repay the 2022 Series B-2 Loan, in the form required by the Loan Agreement, as amended or supplemented from time to time.

“Sophisticated Investor” means a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, or an institutional “accredited investor” as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act of 1933, as amended.

“State” means the State of California.

“supplemental indenture” or “indenture supplemental hereto” shall mean any indenture hereafter duly authorized and entered into by the Issuer and the Trustee in accordance with the provisions of this Indenture.

“Tax Certificate” means the Tax Certificate and Agreement, dated the Closing Date and executed by the Borrower and the Issuer.

“Title Company” means [Corinthian Title Insurance Company].

The terms “Written Consent,” “Written Demand,” “Written Direction,” “Written Election,” “Written Notice,” “Written Order,” “Written Request” and “Written Requisition” of the Issuer or the Borrower shall mean, respectively, a written consent, demand, direction, election, notice, order, request or requisition signed on behalf of the Issuer by an Authorized Issuer Representative, or on behalf of the Borrower by an Authorized Borrower Representative.

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

ARTICLE II

THE BONDS

Section 2.01. Authorization. There is hereby authorized to be issued bonds of the Issuer designated as “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-1” in the aggregate face amount (maximum principal amount) of \$[_____] and “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-2 (Taxable)” aggregate face amount (maximum principal amount) of \$[_____]. No Bonds may be issued hereunder except in accordance with this Article.

Section 2.02. Terms of Bonds. The 2022 Series B-1 Bonds shall be substantially in the form set forth in Exhibit A-1 hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture; and the 2022 Series B-2 Bonds shall be substantially in the form set forth in Exhibit A-2 hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture.

The 2022 Series B-1 Bonds shall be issuable only as a single fully registered bond, without coupons in the principal amount equal to the aggregate of the purchase price of the 2022 Series B-1 Bonds advanced from time to time by the owner of the 2022 Series B-1 Bonds (which principal amount shall be, on the Closing Date, equal to the amount of the Initial Disbursement). The 2022 Series B-2 Bonds shall be issuable only as a single fully registered bond, without coupons in the principal amount equal to the aggregate of the purchase price of the 2022 Series B-2 Bonds advanced from time to time by the owner of the 2022 Series B-2 Bond. Notwithstanding the foregoing, no purchase price of a Bond shall be funded after December 31, 2025 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the 2022 Series B-1 Bonds. The Bonds shall be dated the Closing Date, shall mature on and be payable in full on their respective Maturity Date, and shall be subject to redemption prior to maturity as provided in Article IV.

[to be confirmed][The 2022 Series B-1 Bonds shall bear interest, payable on each Interest Payment Date, at the Interest Rate and for the period beginning on the Amortization Commencement Date at the Term Loan Rate, as such capitalized terms are defined in and pursuant to and in accordance with the terms of the 2022 Series B-1 Note (subject to such exceptions and conditions as are set forth in the 2022 Series B-1 Note). Notwithstanding the foregoing, the 2022 Series B-1 Bonds shall bear interest at the Default Rate upon the occurrence of an Event of Default hereunder or under the Loan Agreement or at a Taxable Rate upon a Notice of Taxability, as such capitalized terms are defined in the 2022 Series B-1 Note.]

[to be confirmed][The 2022 Series B-2 Bonds shall bear interest, payable on each Interest Payment Date, at the Interest Rate and for the period beginning on the Amortization Commencement Date at the Term Loan Rate, as such capitalized terms are defined in and pursuant to and in accordance with the terms of the 2022 Series B-2 Note (subject to such exceptions and conditions as are set forth in the 2022 Series B-2 Note). Notwithstanding the foregoing, the 2022 Series B-2 Bonds shall bear interest at the Default Rate upon the occurrence of an Event of Default hereunder or under the Loan Agreement.]

[In no event may the interest rate on any Bond exceed the Maximum Rate. Interest on the Bonds shall be computed on the basis of a 360-day year and actual days elapsed.]

Each Bond shall bear interest on its respective Disbursed Amount from the date to which interest has been paid on the respective Bond next preceding the date of its authentication, unless it is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

The Bonds shall be issued as a certificated instruments and shall not be held in book-entry form.

Section 2.03. Payment of Bonds. Payment of the principal of and interest on the Bonds shall be made in lawful money of the United States to the person appearing on the Bond registration books of the Trustee as the registered owner thereof on the applicable Interest Payment Date, such principal and interest to be paid by check mailed on the Interest Payment

Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Trustee may, at the request of the registered owner of Bonds, make payments of principal and interest on the Bonds by wire transfer to the account within the United States designated by such owner to the Trustee in writing, any such designation to remain in effect until withdrawn in writing. Notwithstanding the foregoing, unless otherwise notified in writing by the Bondowner Representative, the Trustee shall make all payments of principal of and interest on the Bonds to the Bondowner Representative to the extent funds are on deposit with the Trustee for such payments under this Indenture.

Section 2.04. Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of an Authorized Issuer Representative, and attested by the manual or facsimile signature of an Authorized Attesting Officer. Any facsimile signatures shall have the same force and effect as if said persons had manually signed the Bonds. In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond 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, and also any Bond may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

Only such Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A-1 or A-2, as applicable, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture and such certificate of the Trustee shall be conclusive evidence that the respective Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bonds.

(a) The Bonds may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section 2.05(b) hereof, be transferred upon the books of the Trustee required to be kept pursuant to the provisions of Section 2.06, by the Person in whose name they are registered, in person or by such Person's duly authorized attorney, upon surrender of the Bonds for cancellation at the Principal Office of the Trustee, accompanied by a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever the Bonds shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver new, fully registered Bonds to the transferee.

(b) The following shall apply to all transfers of the Bonds after the initial delivery of the Bonds:

(i) the Bonds, in the respective forms attached hereto as Exhibit A-1 and A-2, shall be physical certificated instruments, and shall not be held in a book-entry only system unless approved in advance in writing by the Issuer in its sole discretion;

(ii) the Bonds shall be transferred only together [in whole][in authorized denominations] and only to a single entity that qualifies as a Sophisticated Investor;

(iii) each transferee of the Bonds shall deliver to the Issuer and the Trustee an Investor's Letter, wherein the transferee agrees, among other matters, not to sell participating interests in the Bonds without the prior written consent of the Issuer;

(iv) The Bonds may be placed in a trust or custodial arrangement with participating interest in the Bonds sold to investors only if such arrangement is approved in advance in writing by the Issuer in its sole discretion and any such participating interests in the Bonds shall only be sold to Sophisticated Investors who execute and deliver to the Issuer and the Trustee an Investor's Letter; and

(v) the Trustee shall not authenticate or register a Bond unless the conditions of this Section 2.05(b) have been satisfied.

The Bondowner and the Bondowner Representative shall not sell any participation interest in the Loans, except in whole to a transferee of the Bonds, without the prior written consent of the Issuer. The Bondowner may sell participation interests in the Bonds, without the need for consent of the Issuer, so long as they are only sold in minimum denominations of \$100,000 to Sophisticated Investors that provide an Investor's Letter to the Trustee and the Issuer. The Bonds may not be held by more than five (5) investors at any given time without the prior written consent of the Issuer.

(c) The Trustee shall require the payment by the Bondholder requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer, but any such transfer shall otherwise be made without charge to the Bondholder requesting the same nor to the Borrower. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection therewith shall be paid by the Borrower.

(d) The Bondowner Representative shall indemnify and defend the Issuer and the Trustee, and the officers, employees, attorneys and agents of the Issuer and the Trustee against any claim brought by any transferor or transferee of the Bonds in respect of the Bonds, this Indenture or any of the Loan Documents in the event that there occurs a transfer of either or both of the Bonds that is not permitted pursuant to this Section 2.05. Failure to comply with Section 2.05(b) shall cause any purported transfer to be null and void.

(e) Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.06. Bond Register. The Issuer hereby appoints the Trustee as registrar and authenticating agent for the Bonds. The Trustee will keep or cause to be kept at its Principal Office sufficient books for the registration, notation of principal and transfer of the Bonds, which shall at all reasonable times upon reasonable notice be open to inspection by the Issuer and the

Borrower; and, upon presentation for such purpose, the Trustee as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, the Bonds as hereinbefore provided.

The ownership of the Bonds shall be proved by the bond registration books for the Bonds maintained by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bonds shall bind every future Holder of the Bonds and the Holder of Bonds issued in exchange thereof or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in accordance therewith or reliance thereon.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bond. Upon the execution and delivery of this Indenture, the Issuer shall execute the Bonds and deliver them to the Trustee. Upon satisfaction of the conditions set forth in this Section, and without any further action on the part of the Issuer, the Trustee shall authenticate the Bonds and shall deliver the Bonds pursuant to a Written Order of the Issuer. Prior to the authentication and delivery of the Bonds by the Trustee, the initial owner of the Bonds shall have executed and delivered to the Trustee an Investor's Letter and there shall have been delivered to the Trustee each of the following:

(a) a Certified Resolution authorizing issuance and sale of the Bonds and the execution and delivery by the Issuer of the Indenture, the Loan Agreement and the Regulatory Agreement;

(b) original executed counterparts of this Indenture, the Loan Agreement, the Deed of Trust, the Regulatory Agreement and all of the other Loan Documents to be executed and delivered by the Borrower on the Closing Date, all as identified and in form and content satisfactory to the Bondowner Representative (as evidenced by the acceptance of the Bonds by the Bondowner), and the original executed Notes;

(c) a Written Order of the Issuer to the Trustee to authenticate and deliver the Bonds to the initial Bondowner as directed in such Written Order, upon the remission by the Bondowner of the initial purchase price of the 2022 Series B-1 Bond, in the amount of the Initial Disbursement, to the Title Company;

(d) evidence satisfactory to the Issuer of arrangements to pay all Costs of Issuance; and

(e) one or more opinions of Bond Counsel and the City of San Diego Attorney's Office with respect to the due execution and delivery of the Indenture, Loan Agreement and Bonds and the exclusion from gross income of the Bondholder of interest on the 2022 Series B-1 Bonds for federal income tax purposes.

Section 3.02. Application of Proceeds of Bonds/Draw Down Provisions. The Initial Disbursement and subsequent disbursements of the proceeds received from the sale of the Bonds shall be made in accordance with Section 3.03 of this Indenture. The Bondowner shall fund the purchase prices of the Bonds from time to time by funding advances of principal of the Loans pursuant to the Loan Agreement and Disbursement Agreement, and as otherwise provided in this paragraph (with respect to the Initial Disbursement), and as provided in Section 3.03(b). Amounts funded in such manner, other than the Initial Disbursement which shall be disposed of as described in Section 3.01(c) and amounts advanced to pay interest on the Bonds as described in Section 3.03(b), shall be remitted by the Bondowner to the Trustee and shall be deposited by the Trustee into the Bond Proceeds Account of the Construction Fund in accordance with Section 3.03(a) of this Indenture. The Trustee shall note such amount in its records (including the amount of the Initial Disbursement and any amounts described in Section 3.03(b) of which written notice has been provided by the Bondowner to the Trustee), and the Trustee's records, absent manifest error, shall be dispositive of the principal amount of each Bond so advanced by the Bondowner. Such amounts shall constitute the Disbursed Amount, and shall begin to accrue interest, only upon transfer of such amounts by the Bondowner to the Trustee for deposit in the Construction Fund, except that interest shall accrue on the amount of the Initial Disbursement on the 2022 Series B-1 Bonds as of the Closing Date, and interest shall accrue on advances by the Bondowner as described in Section 3.03(b) when and as any such amounts are so advanced (as described in the written notices provided by the Bondowner to the Trustee as described in Section 3.03(b)).

The Initial Disbursement shall constitute an initial funding of the purchase price of the 2022 Series B-1 Bond, and an initial funding of the 2022 Series B-1 Loan evidenced by the 2022 Series B-1 Note. [[to be confirmed] As provided in Section 3.01(c) the Initial Disbursement shall be remitted by the Bondowner to the Title Company. A portion of such amount shall be disbursed by the Title Company to the Borrower to pay Project Costs]. Upon submission by the Borrower of a disbursement request executed by the Borrower and approved by the Bondowner Representative, the Trustee shall use the funds described in the preceding sentence to satisfy the disbursement request before using proceeds of any advance of the purchase price of the Bonds by the Bondowner, following the Closing Date, that are deposited to the Bond Proceeds Account.

Unless otherwise notified in writing by the Bondowner delivered to the Trustee, with a copy to the Issuer, each subsequent advance by the Bondowner of the purchase price of the Bonds to the Trustee shall be attributable to the 2022 Series B-1 Bonds until the total purchase price so advanced equals the maximum Authorized Amount of such Bond, and shall thereafter be attributable to the 2022 Series B-2 Bond. The Trustee shall record each payment by the Bondowner of the purchase price of a Bond on the applicable Bond and otherwise in its records for the applicable Bond.

Notwithstanding anything herein to the contrary, the purchase price of a series of the Bonds funded by the Bondowner may not exceed the respective Authorized Amount (and the Trustee shall not record any advances which would cause the principal amount of a series of the Bonds to exceed such applicable Authorized Amount). In no event may additional amounts be funded after [December 31, 2025] unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the 2022 Series B-1 Bonds.

Section 3.03. Disbursement of Bond Proceeds; Establishment of Construction Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the “Construction Fund,” which fund shall be applied only as provided in this Section. Within the Construction Fund there shall be created a Bond Proceeds Account to be held by the Trustee. The Initial Disbursement on the Closing Date shall be funded by the Bondowner pursuant to the Loan Agreement and the Disbursement Agreement, and shall be remitted by the Bondowner to the Title Company, as described in Section 3.01(c), and shall constitute an initial funding of the 2022 Series B-1 Loan. Except as provided in paragraph (b) below, all subsequent advances by the Bondowner of the purchase prices of the Bonds shall be remitted by the Bondowner to the Trustee, and shall be deposited by the Trustee into the Bond Proceeds Account of the Construction Fund for payment to or upon the order of the Borrower to pay Qualified Project Costs upon compliance by the Borrower with the applicable provisions of the Loan Agreement and the Disbursement Agreement, as described in paragraph (a) below.

(a) Each advance of the purchase price of a Bond shall be treated as a concurrent funding of the related Loan. Funds on deposit in the Construction Fund, and any interest earnings thereon, shall be transferred by the Trustee to the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Bondowner) for the payment of Project Costs (as defined in the Regulatory Agreement) approved by the Bondowner Representative. The Issuer hereby authorizes and directs the disbursement by the Trustee of the amounts deposited in the Construction Fund in accordance with this Indenture to or upon the order of the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Bondowner) from time to time upon receipt by the Trustee of a disbursement request from the Borrower in the form attached hereto as Exhibit C (on which the Trustee may conclusively rely, without liability), and a written consent executed by the Bondowner Representative evidencing a determination of the Bondowner Representative that the conditions to disbursement contained in the Disbursement Agreement have been satisfied or waived.

(b) The Bondowner may make payment of the purchase price of the Bonds directly as payments of interest due on the Bonds until the Borrower places the Project in service for federal tax purposes, which shall be paid without a disbursement request. The Bondowner shall provide a written statement of any such advances of the purchase price of the Bonds to the Trustee, the Borrower and the Issuer, identifying the amount advanced and the Bond or Bonds to which the advance pertains.

(c) The Trustee shall maintain, or cause to be maintained, accurate records regarding the receipt of the purchase price of the Bonds and the disbursement of the proceeds of the Bonds in accordance with Section 3.02 and this Section 3.03, and shall provide copies thereof to the Issuer and the Borrower upon their written request. Additionally, the Trustee shall provide the Borrower with a monthly statement regarding activity in each of the funds and accounts created under this Indenture, including the Construction Fund and the Bond Fund in the immediately preceding month.

(d) The Trustee, the Bondowner Representative and the Issuer shall not be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.03.

If an Event of Default under and as defined in the Loan Agreement occurs and the maturity of the Bonds is accelerated in accordance with Section 4.01(b) hereof, the Trustee will, to the extent necessary, use moneys in the Construction Fund and Bond Fund to make payments on the Bonds.

If the Bondowner Representative directs the Trustee to deposit [Damage Proceeds] (as defined in the Deed of Trust) to the Construction Fund as described in the second sentence of the second paragraph of Section 5.02, such funds shall be disbursed from the Construction Fund in the same manner as Bond proceeds deposited to the Bond Proceeds Account of the Construction Fund as set forth above, but such disbursement shall be subject to the applicable provisions of the Disbursement Agreement and the Deed of Trust (compliance with such provisions being evidenced by the Bondowner Representative's signature on the Borrower's Construction Fund disbursement request).

Section 3.04. Costs of Issuance Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "Costs of Issuance Fund," which fund shall be applied only as provided in this Section. On the Closing Date, the Borrower shall, from its own funds, deposit with the Trustee the amount of \$[BORROWER COI DEPOSIT], which amount the Trustee shall deposit in the Costs of Issuance Fund. The amount in the Costs of Issuance Fund shall be paid by the Trustee on or after the Closing Date to the California Debt and Investment Advisory Commission ("CDIAC") an amount up to \$[BORROWER COI DEPOSIT] upon delivery of an invoice or invoices to the Trustee from CDIAC. Amounts remaining in the Costs of Issuance Fund 90 days after the Closing Date shall be returned to the Borrower and the Trustee shall close the Costs of Issuance Fund.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Circumstances of Redemption. The Bonds are subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

(a) The 2022 Series B-1 Bonds shall be subject to redemption in whole or in part on any date, at a price equal to the principal amount of the 2022 Series B-1 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus any applicable prepayment premium, as provided in the 2022 Series B-1 Note, the Loan Agreement or the Disbursement Agreement; provided, however, that any other charges then due and payable pursuant to the 2022 Series B-1 Note, the Loan Agreement or the Disbursement Agreement shall be paid in full (or, in connection with a partial redemption of the 2022 Series B-1 Bond, paid in proportion to the amount of the 2022 Series B-1 Bonds being so redeemed) on the redemption date.

(b) The 2022 Series B-2 Bonds shall be subject to redemption in whole or in part on any date, at a price equal to the principal amount of the 2022 Series B-2 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus any applicable prepayment premium, as provided in the 2022 Series B-2 Note, the Loan Agreement or the Disbursement Agreement; provided, however, that any other charges then due and payable pursuant to the 2022 Series B-2 Note, the Loan Agreement or the Disbursement Agreement shall be paid in full (or, in

connection with a partial redemption of the 2022 Series B-2 Bond, paid in proportion to the amount of the 2022 Series B-2 Bonds being so redeemed) on the redemption date.

(c) The Bonds shall be subject to mandatory redemption in whole upon the occurrence of an Event of Default under and as such term is defined in any of the Loan Agreement, the Disbursement Agreement or any other of the Loan Documents (subject to all applicable notice and cure provisions contained therein), at the written direction of the Bondowner Representative, at a redemption price equal to the principal amount of the Bonds then Outstanding, plus accrued interest thereon to the date of redemption, plus any applicable prepayment premium, as provided in the Note, the Loan Agreement or the Disbursement Agreement.

(d) The Bonds shall be subject to mandatory redemption, at the direction of the Bondowner Representative (given in accordance with the Loan Agreement or the Deed of Trust), in whole or in part on any date, from insurance proceeds received in connection with a partial or total casualty loss of the Project or a condemnation award in connection with a partial or complete taking of the Project, but only to the extent such proceeds or award are deposited to the Bond Fund and not used to repair, replace or restore the Project (as described in the second sentence of the second paragraph of Section 5.02), at a price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption and any additional amount payable pursuant to the Notes, the Loan Agreement or the Disbursement Agreement. The Bondowner Representative shall identify in writing to the Trustee the principal amount of each series of the Bonds to be redeemed.

The Bondowner Representative is hereby authorized and directed, and hereby agrees, to fix the date for any such redemption and to provide written notice thereof to the Trustee, and, if Revenues are available, to cause the Trustee to redeem the Bonds so called on the date so fixed by the Bondowner Representative. The Bondowner need not surrender a Bond in connection with any redemption of the Bonds unless the respective Bond is to be redeemed in whole.

Section 4.02. No Notice of Redemption. No notice of redemption of the Bonds need be given to the Bondowner by the Trustee, but the Bondowner Representative shall give notice of any redemption under Section 4.01(c) or (d) to the Issuer at the same time such notice is given to the Trustee; provided such notice shall not be a condition precedent to any redemption and neither failure to give such notice nor any defect in such notice shall affect the validity of any redemption hereunder.

Section 4.03. Effect of Redemption. If moneys for payment of the redemption price of a Bond are being held by the Trustee, the Bond shall, on the redemption date selected by the Borrower or Bondowner Representative, as applicable, become due and payable at the redemption price specified herein, interest on the principal amount of the respective Bond so called for redemption shall cease to accrue upon actual redemption, said principal amount of the applicable Bond shall cease to be entitled to any lien, benefit or security under this Indenture, and the owner of the applicable Bond shall have no rights in respect thereof except to receive payment of the redemption price thereof and receive proceeds of exercise by the Trustee of rights and remedies under the related Note, the Loan Agreement, the Deed of Trust, the Disbursement Agreement and the other Loan Documents.

Section 4.04. Recycling Transactions. Notwithstanding any provision of this Indenture or the Bonds to the contrary, for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code, if so directed in a written direction of the Issuer provided to the Trustee, the Trustee is hereby authorized and directed to receive any amounts corresponding to prepayments of the 2022 Series B-1 Note in lieu of application to redeem a like portion of the Bonds, so long as the Issuer simultaneously causes other funds to be applied to redeem such portion of the Bonds, and to hold such amounts, uninvested, for such period of time and to transfer corresponding amounts to or at the direction of the Issuer, or to such custodian, fiscal agent or trustee designed by the Issuer and specified in such written direction, and/or to make such deposits as shall be specified in such written direction. For purposes of effectuating the foregoing, the Trustee is hereby authorized and directed to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such written direction. 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 V

REVENUES

Section 5.01. Pledge of Revenues. All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds, without preference or priority of one Bond over the other Bond. The Issuer also hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the owner from time to time of the Bonds, all of its right, title and interest in (excluding the Reserved Rights) (a) the Revenues, but excluding any amounts calculated as excess investment earnings under Section 6.07 hereof, (b) all amounts on deposit in any fund or account created hereunder and held by the Trustee, but excluding any amounts calculated as excess investment earnings under Section 6.07 hereof or amounts in the Costs of Issuance Fund, (c) the Loan Agreement (except for the Reserved Rights under Sections 2.05, 2.06, 4.01, 5.03 and 8.08 of the Loan Agreement and amounts payable to the United States of America pursuant to the Regulatory Agreement and Tax Certificate), (d) the Notes, (e) the Deed of Trust, and (f) any other amounts or agreements referenced in the Loan Agreement as security for the repayment of the Bonds (collectively, the “Trust Estate”). The Notes have been endorsed by the Issuer without recourse to the Trustee, and the Deed of Trust is delivered in favor of the Issuer and assigned to the Trustee.

All Revenues received by the Trustee and all amounts on deposit in the funds and accounts created hereunder and held by the Trustee (other than amounts held pursuant to Section 3.05 for the benefit of the Issuer, and amounts held in the Rebate Fund pursuant to Section 6.07 hereof or in the Costs of Issuance Fund pursuant to Section 3.04) shall be held in trust for the benefit of the owner from time to time of the Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter set forth in this Article V.

THE BONDS ARE A LIMITED, SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THIS INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL

SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS OR TO SATISFY ANY OTHER MONETARY OBLIGATIONS OF THE ISSUER UNDER THE LOAN DOCUMENTS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE REPAYMENT OF THE BONDS IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THE BONDS CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

NEITHER THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE ISSUER NOR THE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS OF THE ISSUER SHALL BE PERSONALLY LIABLE FOR THE AMOUNTS OWING UNDER THIS INDENTURE, THE BONDS OR ANY OF THE OTHER LOAN DOCUMENTS; AND THE BONDHOLDER'S REMEDIES IN THE EVENT OF A DEFAULT UNDER THIS INDENTURE SHALL BE LIMITED TO THOSE REMEDIES SET FORTH IN ARTICLE VII HEREOF AND, IF A DEFAULT ALSO EXISTS UNDER THE LOAN AGREEMENT OR THE NOTES, TO COMMENCE FORECLOSURE UNDER THE DEED OF TRUST AND THE OTHER LOAN DOCUMENTS AND THE EXERCISE OF THE POWER OF SALE OR OTHER RIGHTS GRANTED THEREUNDER. IN THE EVENT OF A DEFAULT HEREUNDER OR UNDER THE BONDS, THE BONDHOLDER SHALL NOT HAVE THE RIGHT TO PROCEED DIRECTLY AGAINST THE ISSUER OR THE RIGHT TO OBTAIN A DEFICIENCY JUDGMENT FROM THE ISSUER AFTER FORECLOSURE. NOTHING CONTAINED IN THE FOREGOING SHALL LIMIT ANY RIGHTS OR REMEDIES THE ISSUER, THE TRUSTEE OR THE BONDHOLDER MAY HAVE AGAINST THE BORROWER.

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 Borrower under the Loan Agreement.

Section 5.02. Bond Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "Bond Fund," which fund shall be applied only as provided in this Section.

The Trustee shall credit to the Bond Fund from time to time, upon receipt thereof, all Revenues, including (i) income received from the investment of moneys on deposit in the Bond Fund, and (ii) any other Revenues, including insurance proceeds, condemnation awards and other Loan payments or prepayments received from or for the account of the Borrower. It is acknowledged, however, that [Damage Proceeds (as defined in the Deed of Trust)], may be disposed of as provided in the Deed of Trust to repair or replace the Project, and the Trustee shall dispose of any [Damage Proceeds] received by it as directed in writing by the Bondowner Representative delivered to the Trustee (with a copy to the Issuer and the Borrower) either (i) for

deposit to the Construction Fund and disbursed as provided in Section 3.03, the Disbursement Agreement and the Deed of Trust, or (ii) deposited to the Bond Fund to be used to redeem Bonds in accordance with Section 4.01(d).

Except as provided in Section 10.02, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bonds as the same shall become due, whether at maturity or upon redemption or acceleration or otherwise.

Except as provided in Section 3.03(b) with respect to the direct funding by the Bondowner of interest on the Bonds, on each date on which principal of or interest on the Bonds is due and payable, the Trustee shall pay such amount from the Bond Fund.

Section 5.03. Investment of Moneys. Except as otherwise provided in this Section, any moneys in any of the funds and accounts to be established by the Trustee pursuant to this Indenture shall be invested by the Trustee in Investment Securities selected and directed in writing by the Borrower, with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than one day prior to the date on which it is estimated that such moneys will be required by the Trustee to make any payment required hereunder. In the absence of such directions, the Trustee shall invest such monies in Investment Securities set forth in a standing investment instruction of the Borrower delivered to the Trustee prior to the issuance of the Bonds. In the absence of such standing investment instructions, the Trustee shall hold the monies uninvested. The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the Borrower's investment instructions, except for those arising from the willful misconduct or fraud on the part of the Trustee.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code). The Trustee shall have no duty to determine Fair Market Value or present value of any Investment Securities hereunder. The Trustee may rely on the investment instruction of the Borrower as to the legality of the directed investments.

For the purpose of determining the amount in any fund or account, all Investment Securities credited to such fund or account shall be valued at the lower of cost or par (which shall be measured exclusive of accrued interest) after the first payment of interest following purchase.

Any interest, profit or loss on such investment of moneys in any fund or account shall be credited or charged to the respective fund or account from which such investments are made. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment required hereunder, and the Trustee shall not be liable or responsible for any loss resulting from such sale or redemption.

The Trustee may make any and all investments permitted under this Section 5.03 through its own trust or banking department or any affiliate and may pay said department reasonable,

customary fees for placing such investments. The Trustee and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Investment Securities under this Section 5.03.

The Issuer (and the Borrower by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Borrower and the Issuer (to the extent requested by it) periodic cash transaction statements which shall include detail for all investment transactions, if any, made by the Trustee hereunder.

Section 5.04. Enforcement of Obligations. Upon the occurrence of an Event of Default actually known to a Responsible Officer of the Bondowner Representative, the Bondowner Representative shall, pursuant to Section 7.08 hereof, be entitled in its sole discretion to take all steps, actions and proceedings, or to direct the Trustee to take all steps and proceedings (upon provision of indemnity satisfactory to the Trustee): (a) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement, the Regulatory Agreement and the Deed of Trust, and (b) to request compliance with all covenants, agreements and conditions on the part of the Issuer contained in this Indenture with respect to the Revenues.

ARTICLE VI

COVENANTS OF THE ISSUER

Section 6.01. Payment of Principal and Interest. The Issuer shall punctually pay, but only out of Revenues as herein provided, the principal and the interest (and premium, if any) to become due in respect of the Bonds issued hereunder at the times and places and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof. When and as paid in full, each series of the Bonds shall be delivered to the Trustee and the Bonds of such series shall forthwith be destroyed.

Section 6.02. Preservation of Revenues; Amendment of Documents. The Issuer (a) shall not knowingly take any action to interfere with or impair the pledge and assignment hereunder of Revenues, and the assignment to the Trustee of rights of the Issuer under the Loan Agreement and the Deed of Trust and other collateral documents, or the Trustee's or the Bondowner Representative's enforcement of any rights hereunder or thereunder, (b) shall not knowingly take any action to impair the validity or enforceability of the Loan Agreement or the Deed of Trust and other collateral documents, and (c) shall not waive any of its rights under or any other provision of or permit any amendment of the Loan Agreement or the Deed of Trust and other collateral documents, without the prior written consent of the Bondowner Representative. The foregoing, however, shall not prevent in any way the Issuer's enforcement or any action by it with respect to the Reserved Rights.

Section 6.03. Compliance with Indenture. The Issuer shall not issue, or permit to be issued, any bonds secured or payable in any manner out of Revenues other than in accordance

with the provisions of this Indenture; it being understood that the Issuer reserves the right to issue obligations payable from and secured by sources other than the Revenues and the assets assigned herein. Subject to Section 6.12, 6.13 and 6.14 hereof, the Issuer shall faithfully observe and perform all the covenants, conditions and requirements expressly to be observed and performed by it hereunder. So long as the Bonds are Outstanding, the Issuer shall not create any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues, other than the lien of this Indenture.

Section 6.04. Further Assurances. Whenever and so often as requested so to do by the Bondowner Representative, the Issuer, at the expense of the Borrower, shall promptly, following receipt from the Borrower of funds determined by the Issuer as necessary to pay its costs in the circumstances, execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowner Representative and the Bondholder all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Section 6.05. No Arbitrage. The Issuer shall not knowingly take, nor knowingly permit or suffer to be taken by the Trustee or otherwise, any action with respect to the gross proceeds of the Bonds which would cause the 2022 Series B-1 Bonds to be an “arbitrage bond” within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder. The Issuer will, additionally, comply with its obligations under and pursuant to the Tax Certificate.

Section 6.06. Limitation of Expenditure of Proceeds. To the best knowledge of the Issuer, and based solely upon the Borrower’s representations in the Borrower’s Certificate Regarding Use of Proceeds dated the Closing Date and the covenants by the Borrower in Section 5.03 of the Loan Agreement and in the Regulatory Agreement, not less than 97% of the face amount of the 2022 Series B-1 Bond, plus premium (if any) paid on the purchase of the 2022 Series B-1 Bonds by the original purchaser thereof from the Issuer, less original issue discount, will be used for Qualified Project Costs and less than 25% of such amount will be used for acquisition of land or an interest in land.

Section 6.07. Rebate of Excess Investment Earnings to United States. The Rebate Fund shall be established by the Trustee and held and applied as provided in this Section. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by the Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent of the Rebatable Arbitrage (as defined below), as calculated by the Rebate Analyst, for payment to the United States Government, and neither the Issuer, the Borrower nor the Bondholder shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate. The Trustee shall conclusively be deemed to have complied with such provisions if it follows the written instructions of the Issuer, Bond Counsel or the Rebate Analyst, including supplying all necessary information in the manner requested, and shall not be required to take any actions under

the Tax Certificate in the absence of written instructions from the Issuer, Bond Counsel or the Rebate Analyst.

Within 55 days of the end of each fifth Bond Year and/or within 55 days of payment in full of the 2022 Series B-1 Bond, the Trustee shall request and the Borrower shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described in Section 148(f)(4)(B) and (C) of the Code)), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Regulations (the “Rebatable Arbitrage”).

Within 55 days of the end of each fifth Bond Year and within 55 days of payment in full of the 2022 Series B-1 Bond, upon the written direction of the Issuer, Bond Counsel or the Rebate Analyst, an amount shall be deposited to the Rebate Fund by the Trustee from amounts provided by the Borrower, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with the preceding paragraph.

The Trustee shall pay, as directed by the Issuer, Bond Counsel or the Rebate Analyst, to the United States Treasury, out of amounts in the Rebate Fund on the earlier of:

- (i) Not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; or
- (ii) Not later than 60 days after the payment of the 2022 Series B-1 Bonds in full, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

Each payment required to be made under this Section shall be made to the Internal Revenue Service Center at the address provided in such direction on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Rebate Analyst and provided to the Trustee.

Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the Rebatable Arbitrage to the United States and to comply with all other requirements of this Section 6.07, Sections 2.06 and 5.03(c) of the Loan Agreement, the requirements of Sections 2(h) of the Regulatory Agreement and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the 2022 Series B-1 Bonds.

Any funds remaining in the Rebate Fund after redemption and payment of the 2022 Series B-1 Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor in accordance with the written direction of the Issuer, the Rebate Analyst or Bond Counsel, shall be withdrawn by the Trustee and remitted to the Borrower.

The Trustee shall keep such records of the computations made pursuant to this Section 6.07 to the extent furnished to the Trustee. The Borrower shall or shall cause the Rebate

Analyst to provide to the Issuer copies of all rebate computations made pursuant to this Section 6.07. The Trustee shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Bonds and the investments of earnings from those investments made by the Trustee as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

Notwithstanding the foregoing, the computations and payments of Rebatable Arbitrage need not be made to the extent that neither the Issuer nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code, based on an opinion of Bond Counsel to the effect that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2022 Series B-1 Bond, a copy of which shall be provided to the Trustee, at the expense of the Borrower.

Section 6.08. Limitation on Issuance Costs. To the best knowledge of the Issuer, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreement, from the proceeds of the Bonds received from the original purchaser thereof and investment earnings thereon, an amount not in excess of two percent (2%) of the face amount of the 2022 Series B-1 Bonds will be used to pay for, or provide for the payment of, Costs of Issuance.

Section 6.09. Federal Guarantee Prohibition. The Issuer shall take no action if the result of the same would be to cause the 2022 Series B-1 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 6.10. Prohibited Facilities. To the best knowledge of the Issuer, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreement, no portion of the proceeds of the 2022 Series B-1 Bonds will 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. To the best knowledge of the Issuer, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreement, no portion of the proceeds of the 2022 Series B-1 Bonds will 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.

Section 6.11. Use Covenant. The Issuer shall not, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreement, use any proceeds of the Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take any other action or actions, which would result in the 2022 Series B-1 Bonds being treated as an obligation not described in Section 142(d) of the Code by reason of the 2022 Series B-1 Bonds not meeting the requirements of Section 142(d) of the Code.

Section 6.12. Immunities and Limitations of Responsibility of Issuer. The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for the Bondholder), and the Issuer shall be wholly protected as to action taken or omitted in good faith 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 and shall be liable only for its willful misconduct. When any payment or consent or other action by it is called for under this Indenture or any Loan Document, 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 expense 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. The Issuer shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the rate at which interest accrues from time to time on the Bond, in the exercise of its rights or the performance of its obligations hereunder or under any Loan Document, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Issuer 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. The Borrower has indemnified the Issuer against certain acts and events as set forth in Section 4.01 of the Loan Agreement and Sections 9 of the Regulatory Agreement. Such indemnities shall survive payment of the Bonds and discharge of this Indenture.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer and the Trustee may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer or the Trustee as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee (in regards to record keeping only) or by the Bondowner Representative, and (c) none of the provisions of this Indenture shall require the Issuer or the Trustee to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action.

Section 6.13. No Recourse. No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in the Bonds shall be had against the members of the Board of Commissioners of the Issuer nor the officers, directors, employees or agents (past, present or future) of the Issuer, either directly or through the Issuer or its governing body or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Holder of the Bonds issued hereunder, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bonds. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission

on his/her part or otherwise, for the payment for or to the Holder of the Bonds issued hereunder or otherwise of any sum that may remain due and unpaid upon the Bonds hereby secured is, by the acceptance hereof, expressly waived and released by the Bondowner as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

Section 6.14. Limitation of Liability of Issuer and Its Officers, Employees and Agents. No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bonds, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against the members of the Board of Commissioners of the Issuer nor the officers, directors, employees or agents of the Issuer, as such, past, present or future, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bonds, or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the members of the Board of Commissioners of the Issuer nor the officers, directors, employees thereof, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owner of the Bonds or otherwise of any sum that may remain due and unpaid upon the Bonds secured by this Indenture or any of them is, by the acceptance of the Bonds, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Borrower, the Bondowner Representative or any Bondholder as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee, the Bondowner Representative or by any Bondholder and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action.

No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bonds or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bonds shall be had against the members of the Board of Commissioners of the Issuer nor the officers, directors, employees or agents of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the members of the Board of Commissioners of the Issuer nor the officers, directors, employees or agents thereof in other than that person's official capacity. No member of the Board of Commissioners of the Issuer nor any officer, director,

employee or agents of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

ARTICLE VII

DEFAULT

Section 7.01. Events of Default; Acceleration; Waiver of Default. Each of the following events shall constitute an “Event of Default” hereunder (subject to Section 7.09 hereof):

- (a) failure to pay interest on any of the Bonds when due;
- (b) failure to pay the principal of any of the Bonds on the date fixed for payment thereof, whether upon the maturity thereof or pursuant to Section 4.01 hereof; and
- (c) failure by the Issuer or the Borrower to perform or observe any other of the covenants, agreements or conditions on its respective part in this Indenture or in the Bonds contained, and the continuation of such failure for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer, the Borrower, the Investor Limited Partner and the Trustee by the Bondowner Representative.

No default specified in (c) above shall constitute an Event of Default unless the Issuer or the Borrower shall have failed to correct such default within the applicable period; provided, however, that if the default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Borrower within the applicable period and diligently pursued until the default is corrected; and provided, further, that the time elapsed until completion of corrective action shall not exceed 60 days without the consent of the Bondowner Representative, which consent shall not be unreasonably withheld. With regard to any alleged default concerning which notice is given to the Borrower under the provisions of (c) above, the Issuer hereby grants the Borrower full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

Following the occurrence of an Event of Default, the Bondowner Representative may, (i) by notice in writing to the Trustee, the Issuer and the Borrower, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding, and/or (ii) pursue and direct the Trustee to pursue, such other remedies as are permitted under applicable law. Upon any such declaration of acceleration, the Trustee, at the direction of the Bondowner Representative, shall fix a date for payment of the Bonds.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any trustee’s sale

or foreclosure sale shall have occurred or judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured or required to be redeemed prior to such declaration and all matured installments of interest (if any) upon the Bonds, with interest on such overdue installments of principal and prepayment premium, to the extent applicable, and the reasonable fees and expenses of the Trustee, its agents and counsel, and any and all other defaults actually known to a Responsible Officer of the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Bondowner Representative to be adequate shall have been made therefor, then the Bondowner Representative, by written notice to the Issuer and the Trustee, may, on behalf of the owner of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission, annulment or waiver shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Notwithstanding the foregoing, or anything else to the contrary herein, no default by the Borrower under the Loan Agreement shall constitute an event of default with respect to the Bonds (including, without limitation, a failure to make any payment due with respect to the Bonds as a consequence of the Borrower's failure to make any payment due under the Loan Agreement). The Issuer's, Trustee's, Borrowers' and Bondowner Representative's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents. Notwithstanding the foregoing, the Bondowner Representative may, upon the acceleration of the Borrower's obligations under the Loan Documents, direct the Trustee to accelerate the maturity of the Bonds and apply any funds available hereunder for such purpose as provided herein (after paying the fees and expenses of the Trustee and the Issuer). Any Bonds remaining outstanding shall be deemed paid upon transfer, to or at the direction of the Bondowner Representative, of the Loan Documents and all security therefor free and clear of the lien of this Indenture.

The Investor Limited Partner shall be entitled to cure any Event of Default hereunder or under the Loan Documents within the time frame provided to the Borrower hereunder. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.02. Institution of Legal Proceedings by Bondowner Representative. If one or more of the Events of Default shall occur, the Bondowner Representative in its discretion may proceed to protect or enforce its rights or the rights of the owner of the Bonds under the Act or under this Indenture, the Notes and/or the Loan Agreement, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Bondowner Representative shall deem most effectual in support of any of its rights or duties hereunder.

Section 7.03. Application of Moneys Collected by Bondowner Representative. Any moneys collected by the Bondowner Representative and the Trustee pursuant to Section 7.02 shall be deposited with the Trustee and applied in the following order, at the date or dates fixed

by the Bondowner Representative with written notice to the Trustee and, in the case of distribution of such moneys on account of principal (or premium, if any) or interest, upon presentation of the Bonds and stamping thereon the payment, if only partially paid, and upon surrender thereof to the Trustee, if fully paid:

- First: For payment of all amounts due to the Trustee, then the Bondowner Representative, under Section 8.06.
- Second: For deposit in the Bond Fund to be applied to payment of the principal of the Bonds then due and unpaid and interest thereon with application as between principal and interest, and between the Bonds, as the Bondowner Representative shall determine in its sole discretion.
- Third: For payment of all other amounts due from the Borrower to any person hereunder or under the Loan Agreement, the Notes or the other Loan Documents.
- Fourth: To the Borrower.

Section 7.04. Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee, Bondowner Representative or of the owner of the Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Trustee, Bondowner Representative or to the owner of the Bonds may be exercised from time to time and as often as shall be deemed by the Bondowner Representative expedient. In case the Bondowner Representative shall have proceeded to enforce any right under this Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Bondowner Representative, then and in every such case the Issuer, the Trustee, the Bondowner Representative and the owner of the Bonds, severally and respectively, shall be restored to their former positions and rights hereunder in respect to the Trust Estate; and all remedies, rights and powers of the Issuer, the Trustee, the Bondowner Representative and the owner of the Bonds shall continue as though no such proceedings had been taken.

Section 7.05. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee, Bondowner Representative or to any owner of the Bonds hereunder is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.06. Covenant to Pay Bonds in Event of Default. The Issuer covenants that, upon the happening of any Event of Default, the Issuer will pay to the Trustee upon demand, but only out of Revenues and subject to all the limitations on liability of the Issuer set forth in Sections 6.12, 6.13 and 6.14 hereof, for the benefit of the owner of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal, or both, as the case may be, and all other sums which may be due hereunder or secured hereby, including reasonable compensation to the Trustee, the Bondowner Representative, their agents and counsel, and any expenses or liabilities incurred by the Trustee or Bondowner Representative hereunder.

In case the Issuer shall fail to pay the same forthwith upon such demand, the Trustee, at the direction of the Bondowner Representative, as trustee of an express trust, and upon being indemnified by the Bondholder to its satisfaction, shall institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of Revenues and any other assets pledged, transferred or assigned to the Trustee under Section 5.01 as herein provided and not otherwise. The Bondowner Representative shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Bondowner Representative to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

Section 7.07. Bondowner Representative Appointed Agent for Bondholder. The Bondowner Representative is hereby appointed the agent of the owner of the Bonds Outstanding hereunder for the purpose of filing any claims relating to the Bonds.

Section 7.08. Power of Bondowner Representative to Control Proceedings. Notwithstanding any other provision of this Indenture, the Bondowner Representative shall have exclusive control of the remedies set forth herein upon an Event of Default. In the event that the Bondowner Representative, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, it shall have full power, in the exercise of its sole discretion for the best interests of the owner of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action. The Trustee shall, upon receipt of satisfactory indemnity as provided in Section 8.01(d) and the written direction of the Bondowner Representative, take such actions as shall be contained in such direction to enforce the Deed of Trust and other Loan Documents in accordance with applicable law.

Notwithstanding anything contained herein or in the Deed of Trust to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Law, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. "Environmental Laws" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes applicable to the Project relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto. "Hazardous Substances" shall mean any chemical, substance or material classified or designated as hazardous, toxic or radioactive, or other similar term, and now or hereafter regulated under any Environmental Law, including without limitation, asbestos, petroleum and hydrocarbon products. The Trustee shall not be required to take any foreclosure

action if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained.

Anything in this Indenture or Loan Agreement to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the failure to initiate foreclosure proceedings with respect to the Project unless the Trustee is satisfied that the Trustee will not be subject to any liability under any local, state, or federal environmental laws or regulations of any kind whatsoever or from any circumstances present at the Project relating to the presence, use, management, disposal or contamination by any Hazardous Substances of any kind whatsoever.

Section 7.09. Limitation on Bondholder's Right to Sue. The owner of the Bonds issued hereunder shall not have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, except through the actions of the Bondowner Representative. However, the right of the owner of the Bonds to receive payment of the principal of (and premium, if any) and interest on the Bonds out of Revenues, as herein and therein provided, on and after the respective due dates expressed in the Bonds shall not be impaired or affected without the consent of the Bondowner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

ARTICLE VIII

THE TRUSTEE AND AGENTS

Section 8.01. Duties, Immunities and Liabilities of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Issuer hereby agrees to employ the Trustee (at the expense of the Borrower) to receive, hold, invest and disburse the moneys received pursuant to the Loan Agreement for credit to the various funds and accounts established by this Indenture; to authenticate, deliver and transfer the Bonds; and to apply and disburse the payments received from the Borrower pursuant to the Loan Agreement to the owner of the Bonds; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Indenture. The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Trustee shall be implied in this Indenture. The Trustee is authorized and directed to enter into the Loan Documents to which it is a party, solely in its capacity as Trustee.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act, except that:

(a) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture;

(b) At all times (i) the Trustee shall not be liable for any act or omission unless the Trustee was negligent or engaged in willful misconduct; and (ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer, accompanied by an opinion of Bond Counsel as provided herein, or in accordance with the directions of the Bondowner Representative or in accordance with the directions of the owner of the Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture;

(c) The Trustee shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, except defaults under Section 7.01(a) or (b) hereof, unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Issuer, the Bondowner Representative or the owner of the Bonds, or (ii) any default under the Regulatory Agreement unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default;

(d) Before exercising its rights or powers hereunder, under the Regulatory Agreement or the Loan Agreement, including taking any action under the Regulatory Agreement, this Indenture or the Loan Agreement at the request or direction of the Bondholder or the Bondowner Representative, the Trustee may require that a satisfactory indemnity be furnished by the Bondholder for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

(e) Upon any application or request by the Issuer or the Bondowner Representative to the Trustee to take any action under any provision of this Indenture or the Regulatory Agreement, the Issuer or Bondowner Representative, as applicable, shall furnish to the Trustee a certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished;

(f) The Trustee may execute any of the powers hereunder or perform any duties hereunder either directly or through agents or attorneys;

(g) Neither the Issuer nor the Borrower shall be deemed to be agents of the Trustee for any purpose, and the Trustee shall not be liable for any noncompliance of any of them in connection with their respective duties hereunder or in connection with the transactions contemplated hereby;

(h) [Reserved];

(i) The immunities extended to the Trustee also extend to its directors, officers and employees;

(j) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds, it being the sole obligation of the Trustee to administer, for the benefit of the Bondholder, the various funds and accounts established hereunder;

(k) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy;

(l) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the owner of the Bonds or the Bondowner Representative related to the exercise of any right, power or remedy available to the Trustee;

(m) The Trustee shall have no duty to review, analyze or verify any financial statements or budgets filed with it by the Borrower under the Loan Agreement;

(n) The Trustee acknowledges that Borrower has an obligation to pay certain fees to the Issuer pursuant to Section 7(a) of the Regulatory Agreement. The Trustee further acknowledges that in order to preserve the tax-exempt status of interest on the 2022 Series B-1 Bond, the Borrower must comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable. The Trustee agrees to use commercially reasonable efforts to send the Borrower a notification or reminder of: (i) its payment obligations under said Section 7(a)(ii) of the Regulatory Agreement 30 days preceding each annual payment date therefor, commencing with the payment date on [to be determined], and ending on the date set forth in the Regulatory Agreement; and (ii) the Borrower's obligation to make payments to the Rebate Fund as provided herein; and

(o) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties as Trustee or in the exercise of any of its rights or powers as Trustee. Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Regulatory Agreement or any other document relating to the conduct, powers or duties of, or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Article VIII.

In acting or omitting to act pursuant to the Loan Agreement, the Regulatory Agreement, the Deed of Trust or any other documents executed in connection herewith or therewith, the

Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Indenture, the Regulatory Agreement and the Loan Agreement, including, but not limited to, this Article VIII.

Section 8.02. Right of Trustee to Rely Upon Documents, Etc. Except as otherwise provided in Section 8.01:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, facsimile transmission, electronic mail, demand, direction, election, requisition, bond or other paper or document reasonably believed by it to be genuine and to have been signed and presented by the proper party or parties;

(b) Any consent, demand, direction, election, notice, order or request of the Issuer mentioned herein shall be sufficiently evidenced by a Written Consent, Written Demand, Written Direction, Written Election, Written Notice, Written Order or Written Request of the Issuer, and any resolution of the Issuer may be evidenced to the Trustee by a Certified Resolution;

(c) The Trustee may consult with counsel (who may be counsel for the Issuer, counsel for the Trustee or Bond Counsel) 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 and in accordance with the opinion of such counsel;

(d) Whenever in the administration of 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, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Issuer or a certificate of the Bondowner Representative; and such Certificate of the Issuer or a certificate of the Bondowner Representative shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof;

(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; and

(f) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Issuer and/or Borrower shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and

containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Issuer and/or the Borrower whenever a person is to be added or deleted from the listing. If the Issuer and/or Borrower elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Issuer and Borrower understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Issuer and Borrower shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Issuer, Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Issuer and/or Borrower. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Issuer and Borrower agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Issuer and Borrower; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 8.03. Trustee Not Responsible for Recitals. The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreement. 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 makes no representations as to the value or condition of any assets pledged or assigned as security for the Bonds, or as to the right, title or interest of the Issuer therein, or as to the security provided thereby or by this Indenture, the Loan Agreement or the Deed of Trust, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the 2022 Series B-1 Bond, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the Issuer or of the Bonds as an obligation of the Issuer. The Trustee shall not be accountable for the use or application by the Bondowner of the Bonds authenticated or delivered hereunder or of the use or application of the proceeds of such Bonds by the Borrower or its agents.

Section 8.04. Intervention by Trustee. The Trustee may intervene on behalf of the owner of the Bonds in any judicial proceeding to which the Issuer or Bondowner Representative is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the owner of the Bonds and, subject to the provisions of Section 8.01(d), shall do so if requested in writing by the owner of the Bonds or the Bondowner Representative and the Trustee is indemnified to its satisfaction.

Section 8.05. Moneys Received by Trustee to Be Held in Trust. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer to pay thereon.

Section 8.06. Compensation and Indemnification of Trustee, Bondowner Representative and Agents.

(a) The Bondowner Representative and the Trustee shall be entitled to receive compensation from the Borrower for their services as Bondowner Representative and Trustee, respectively, as provided in Section 2.06 of the Loan Agreement, and shall be indemnified by the Borrower as provided in Section 4.01 of the Loan Agreement. The Bondowner Representative and the Trustee each acknowledges and agrees that, unless otherwise expressly agreed to in writing by the Issuer, the Issuer shall not be responsible for the fees and expenses of the Bondowner Representative or the Trustee, and is providing no indemnification to the Bondowner Representative or the Trustee.

(b) If any property, other than cash, shall at any time be held by the Bondowner Representative or the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Bondowner Representative or the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to but not obligated to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The rights of the Bondowner Representative and the Trustee to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have and each of the Bondowner Representative and Trustee is hereby granted a lien and a security interest prior to the Bonds in respect of all property and funds held or collected by the Bondowner Representative or the Trustee as such, except funds held in trust by the Bondowner Representative or the Trustee for the benefit of the owner of a particular principal amount of the Bonds, which amounts shall be held solely for the benefit of the Bondholder and used only for the payment of principal of and premium, if any, and interest on the Bonds. The Bondowner Representative's and the Trustee's rights to immunities, indemnities and protection from liability hereunder and their rights to payment of their fees and expenses shall survive such Bondowner Representative's and the Trustee's resignation or removal and final payment of the Bonds.

(c) When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 8.07. Qualifications of Trustee. There shall at all times be a trustee hereunder, which shall be a corporation, banking association or trust company, in each case having trust powers, doing business and having a corporate trust office in California and shall

(a) either (i) have a combined capital and surplus of at least \$50,000,000 and be subject to supervision or examination by federal or state authority or (ii) be a wholly-owned subsidiary of a bank, trust company or bank holding company meeting on an aggregate basis the tests set out in clause (i) and

(b) be able to comply with the terms and conditions of this Indenture, including, without limitation, Sections 8.10 and 8.11 hereof, and to comply with the terms of the Loan Agreement applicable thereto.

If such corporation, banking association, or trust company publishes reports of conditions at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such corporation, banking association 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 Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08(b) below.

Section 8.08. Removal, Resignation and Appointment of Successor Trustee.

(a) Removal of Trustee. The Issuer may remove the Trustee upon 30 days' written notice unless an Event of Default occurs and is then 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 owner of the Bonds (or its attorney duly authorized in writing) or the Bondowner Representative or if at any time the Trustee shall cease to be eligible in accordance with Section 8.07 hereof, or shall become incapable of acting, or shall be adjudged 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 any substantial portion thereof or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon the Borrower shall appoint a successor Trustee by an instrument in writing. Any successor Trustee appointed by the Borrower under this Section 8.08 shall be subject to the approval of the Bondowner Representative and the Issuer, which approval shall not unreasonably be withheld or delayed.

(b) Resignation of Trustee. The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Issuer and to the Bondholder. Upon receiving such notice of resignation, the Borrower shall appoint a successor Trustee by an instrument in writing with the written consent of the Bondowner Representative and the Issuer. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(c) Appointment of Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon the acceptance of appointment of the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or the Bondholder may at the expense of the Borrower 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 its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and 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 written request of the Issuer or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance, including a quitclaim deed, and 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 trust 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 moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall mail, by first class mail, postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bondholder at its address shown on the registration books.

Section 8.09. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible under the provisions of the first sentence of Section 8.07.

Section 8.10. Nondiscrimination; Penalties. The Trustee shall not discriminate in its employment practices against any employee or applicant for employment because of the applicant's race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g., TANF, SSI), mental or physical disability, age, national origin or marital status. All subcontracts awarded under this Indenture shall contain a like provision.

Section 8.11. Compliance with Laws. The Trustee shall keep itself fully informed of all state, and federal laws applicable to it.

Section 8.12. Proprietary or Confidential Information of the Issuer. The Trustee understands and agrees that, in the performance of the work or services under this Indenture or in contemplation thereof, the Trustee may have access to private or confidential information which may be owned or controlled by the Issuer and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the Issuer. The Trustee agrees that all information disclosed by the Issuer to the Trustee shall be held in confidence and used only in performance of this Indenture; provided that, notwithstanding

anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, or information obtained by Trustee from sources other than the other parties hereto, (ii) disclosure of any and all information (A) if required to do so by any applicable rule or regulation, (B) to any government agency or regulatory body having or claiming authority to regulate or oversee any aspects of Trustee's business or that of its affiliates, (C) pursuant to any subpoena, civil investigative demand or similar demand or order of any court, regulatory authority, arbitrator or panel of arbitrators in an arbitration to which Trustee or any affiliate or an officer, director, employee or shareholder thereof is a party or (D) to any affiliate, independent or internal auditor, agent, employee or attorney of Trustee having a need to know the same, provided that Trustee advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the Issuer and the Indenture.

Section 8.13. Audit and Inspection of Records. The Trustee agrees to maintain and make available to the Issuer, during regular business hours, accurate books and accounting records relating to its work under this Indenture. The Trustee will permit the Issuer to audit, examine and make excerpts and transcripts from such books and records. The Trustee shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Indenture or until after final audit has been resolved, whichever is later or such longer period as required by its own policies and procedures.

Section 8.14. Subcontracting. Trustee is prohibited from subcontracting this Indenture or any part of it unless such subcontracting is first approved by the Issuer and the Bondowner Representative in writing. No party to this Indenture shall, on the basis of this Indenture, contract on behalf of or in the name of any other party. A contract made in violation of this provision shall confer no rights on any party and shall be null and void.

Section 8.15. Paying Agents. The Trustee, with the written approval of the Issuer and the Bondowner Representative, may appoint and at all times have one or more paying agents in such place or places as the Trustee may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bonds. It shall be the duty of the Trustee to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Trustee for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bonds presented at either place of payment. The paying agent initially appointed hereunder is the Trustee.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Modification of Indenture. The Issuer and the Trustee, with the prior written consent of the Bondowner Representative, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture. The Bondowner Representative may, if it so elects, direct the Trustee to join with the Issuer in the execution of such supplemental indenture, unless such supplemental indenture affects the rights or obligations of the Borrower or any general partner or limited partner

of the Borrower hereunder or under the Loan Agreement or any other document, in which case the Issuer, Trustee and Bondowner Representative may enter into such supplemental indenture only if the Bondowner Representative has received the Borrower's, or such general partner's or limited partner's, as applicable, written consent thereto.

Promptly after the execution by the Issuer, the Trustee and the Bondowner Representative of any supplemental indenture pursuant to the provisions of this Section, if the Bondowner Representative is not the sole owner of the Bonds then Outstanding, the Trustee shall give the Bondowner, by first class mail, a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX, 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, the Bondowner Representative and the owner of the Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.01, the Trustee and the Bondowner Representative shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article IX is authorized and permitted by this Indenture.

Section 9.04. Notation of Modification on Bond; Preparation of New Bond. A Bond authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Bondowner Representative and the Issuer as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, a new Bond, so modified as to conform, in the opinion of the Bondowner Representative and the Issuer, to any modification of this Indenture contained in any such supplemental indenture, may be prepared and executed by the Issuer and authenticated by the Trustee and delivered without cost to the owner of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. If the entire indebtedness on the Bonds Outstanding shall be paid and discharged in any one or more of the following ways:

- (a) by the payment of the principal of (including redemption premium, if any) and interest on the Bonds Outstanding; or
- (b) by the delivery to the Trustee, for cancellation by it, of the Bonds Outstanding;

and if all other sums payable hereunder by the Issuer shall be paid and discharged, then and in that case this Indenture shall cease, terminate and become null and void, and the Trustee shall forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The fees, expenses and charges of the Trustee (including reasonable counsel fees and expenses) must be paid in order to effect such discharge. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Borrower for any expenditures which it may thereafter incur in connection herewith. Following such discharge and payment and payment of any amounts owed to: (i) the Issuer, Trustee or Bondowner Representative under the Regulatory Agreement or any Loan Document; and (ii) the United States of America pursuant to Section 6.07 hereof, any funds remaining on deposit herein shall be disbursed to the Borrower.

The Issuer or the Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the Issuer or the Borrower lawfully may have acquired in any manner whatsoever, and such Bonds upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.02. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any paying agent in trust for the payment of the principal of, or interest or premium on, the Bonds remaining unclaimed for two years after the principal of the Outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid to the Borrower, and the owner of such Bonds shall thereafter be entitled to look only to the Borrower for payment thereof, and only to the extent of the amount so paid to the Borrower, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease. In the event of the payment of any such moneys to the Borrower as aforesaid, the owner of the Bonds in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Borrower for amounts equivalent to the respective amounts deposited for the payment of the Bonds and so paid to the Borrower (without interest thereon).

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successors of the Issuer. All the covenants, stipulations, promises and agreements contained in this Indenture, by or on behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Issuer shall hereafter be transferred by any law of the State of California, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Issuer, then the body or official who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Issuer as in this Indenture provided.

Section 11.02. Limitation of Rights to Parties and Bondholder. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Issuer, the Trustee, the Bondowner Representative, the Borrower and the owner of the Bonds issued hereunder any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and

all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Trustee, the Bondowner Representative, the Borrower and the owner of the Bonds issued hereunder.

Section 11.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04. Destruction of the Bond. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Issuer of the Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy the Bonds and, upon request, deliver a certificate of such destruction to the Issuer.

Section 11.05. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 11.06. Notices. It shall be sufficient service of any notice, request, demand or other paper on the Issuer, the Trustee, the Bondowner Representative, or the Borrower if the same shall, except as otherwise provided herein, be duly mailed by first class mail, postage prepaid, or given by telephone or telecopier and confirmed by such mail, and to the other parties and addressed as follows:

The Issuer:	San Diego Housing Commission/Housing Finance 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Executive Director
The Bondowner Representative:	Zions Bancorporation, N.A. dba California Bank & Trust 1900 Main Street, Suite 200 Irvine, California 92614 Attention: Michelle Ortega
with a copy to:	Sheppard, Mullin, Richter & Hampton, LLP 650 Town Center Drive, 10th Floor Costa Mesa, CA 92626 Attention: Ken Fox, Esq.
The Trustee:	U.S. Bank National Association Global Corporate Trust Services 633 West 5th Street Los Angeles, California 90071 Attention: Julia Hommel Telephone: (213) 615-6024 Facsimile: (213) 615-6199

The Borrower: Grantville Trolley Family Housing, L.P.
c/o Affirmed Housing Group, Inc.
13520 Evening Creek Drive, Suite 160
San Diego, California 92128
Attention: James Silverwood, President

The Issuer, the Trustee, the Bondowner Representative and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.07. Authorized Representatives. Whenever under the provisions of this Indenture the approval of the Issuer or the Borrower is required for any action, and whenever the Issuer or the Borrower is required to deliver any notice or other writing, such approval or such notice or other writing shall be given, respectively, on behalf of the Issuer by the Authorized Issuer Representative or on behalf of the Borrower by the Authorized Borrower Representative, and the Issuer, the Trustee, the Bondowner Representative and the Borrower shall be authorized to act on any such approval or notice or other writing and neither party hereto nor the Borrower shall have any complaint against the others as a result of any such action taken.

Section 11.08. Evidence of Rights of Bondholder. Any request, consent or other instrument required by this Indenture to be signed and executed by the Bondholder may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by the Bondholder in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the ownership of the Bonds, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Bondowner Representative, the Trustee and of the Issuer if made in the manner provided in this Section.

(a) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

(b) The ownership of the Bonds shall be proved by the Bond register maintained pursuant to Section 2.06 hereof. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of the Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(c) Any request, consent or vote of the owner of the Bonds shall bind every future owner of the Bonds and the owner of any Bonds issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Bondowner Representative, the Trustee or the Issuer in pursuance of such request, consent or vote.

(d) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting with the Bondholder upon such notice and in accordance with such rules and regulations as the Bondowner Representative considers fair and reasonable for the purpose of obtaining any such action.

Section 11.09. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

Section 11.10. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

Section 11.11. Governing Law, Venue. The formation, interpretation and performance of this Indenture shall be governed by the laws of the State of California applicable to contracts made and performed in California. Venue for all litigation arising from or in connection with the Bonds, this Indenture or any of the Loan Documents to which the Issuer is a party shall be in San Diego, California.

Section 11.12. Successors. Whenever in this Indenture any of the Issuer, the Trustee or the Bondowner Representative 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, the Trustee or the Bondowner Representative shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.13. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be executed as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____

Name:

Title:

[Issuer's Signature Page to ShoreLINE Indenture of Trust]

S-1

U.S. Bank National Association, as Trustee

By: _____
Authorized Signatory

EXHIBIT A-1

FORM OF 2022 SERIES B-1 BONDS

THIS BOND MAY BE TRANSFERRED ONLY AS PERMITTED IN SECTION 2.05 OF THE INDENTURE HEREINAFTER DEFINED AND MAY BE OWNED ONLY BY A SOPHISTICATED INVESTOR (DEFINED AS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A OR AN INSTITUTIONAL ACCREDITED INVESTOR AS DEFINED IN RULE 501, EACH AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED) AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, REPRESENTS THAT IT IS A SOPHISTICATED INVESTOR, AND ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND IN WHOLE TO SOPHISTICATED INVESTORS IN ACCORDANCE WITH THE LIMITATIONS SET FORTH IN ARTICLE II OF THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF SAN DIEGO OR THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND.

No. R-1

[\$31,483,880]

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SHORELINE) 2022 SERIES B-1**

REGISTERED OWNER: [ZIONS BANCORPORATION, N.A. DBA CALIFORNIA
BANK & TRUST]

PRINCIPAL SUM: [] DOLLARS

ISSUE DATE: [CLOSING DATE]

INTEREST RATE: []%

The Housing Authority of the City of San Diego, a public body, corporate and politic of the State of California, duly organized under the laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on [MATURITY DATE] (subject to prior redemption as provided in the Indenture) the sum of up to -(\$[31,483,880]) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the above Interest Rate or as otherwise described below. The actual unpaid principal hereof shall be equal to the purchase price hereof paid by the Bondowner under the Indenture and the Loan Agreement to fund the 2022 Series B-1 Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture referenced below, or in the 2022 Series B-1 Note, dated as of [January 1, 2022], made by Grantville Trolley Family Housing, L.P., a California limited partnership (the "Borrower"), to the order of the Issuer.

This Bond shall bear interest, payable on each Interest Payment Date corresponding and pursuant to and in accordance with the terms of the 2022 Series B-1 Note. Notwithstanding the foregoing, this Bond shall bear interest at the Default Rate (not to exceed the Maximum Rate) under the conditions set forth therein and upon the occurrence of an Event of Default under the Indenture or under the Loan Agreement. Interest on this Bond shall be computed on the basis of a 360-day year and actual days elapsed.

This Bond shall bear interest from the date to which interest has been paid on this Bond next preceding the date of authentication hereof, unless this Bond is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

In the event the Issuer fails to make the timely payment of any monthly payment, the Issuer shall pay interest on the then outstanding balance hereof at the Default Rate; provided, however, that such rate shall under no circumstances exceed the Maximum Rate. Upon a Notice of Taxability, as defined in the 2022 Series B-1 Note, this Bond shall bear interest at the Taxable Rate, as defined in the 2022 Series B-1 Note, provided, however, that such rate shall under no circumstances exceed the Maximum Rate.

This Bond shall be subject to redemption via monthly mandatory prepayment amounts and on the dates set forth in the 2022 Series B-1 Note.

This Bond is a duly authorized bond of the Issuer designated as “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-1” (the “Bond”), in the initial maximum principal amount of up to \$[31,483,880]. This Bond is issued in accordance with Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) and a resolution of the Board of Commissioners of the Issuer (the “Resolution”), and issued under and secured by an Indenture of Trust, dated as of [January 1, 2022] (the “Indenture”), between the Issuer and U.S. Bank National Association, as the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owner of this Bond, of the nature and extent of the security, of the rights, duties and immunities the Trustee and the Bondowner Representative, and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the owner of this Bond, by acceptance hereof, assents and agrees. The proceeds of this Bond will be used to make the 2022 Series B-1 Loan to the Borrower pursuant to a Loan Agreement, dated as of [January 1, 2022] (the “Loan Agreement”) between the Issuer and the Borrower, to finance costs of the acquisition and construction of an affordable multifamily housing development located in the City of San Diego, California.

THIS BOND IS A LIMITED, SPECIAL OBLIGATION OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE ISSUER TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY

PORTION OF THE DEBT SERVICE DUE ON THIS BOND OR TO SATISFY ANY OTHER MONETARY OBLIGATIONS OF THE ISSUER UNDER THE LOAN DOCUMENTS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT. THE REPAYMENT OF THIS BOND IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DOES THE BOND CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

NEITHER THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE ISSUER NOR THE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS OF THE ISSUER SHALL BE PERSONALLY LIABLE FOR THE AMOUNTS OWING UNDER THE INDENTURE, THIS BOND OR ANY OF THE OTHER LOAN DOCUMENTS; AND THE BONDHOLDER'S REMEDIES IN THE EVENT OF A DEFAULT UNDER THE INDENTURE OR ANY OF THE LOAN DOCUMENTS SHALL BE LIMITED TO THOSE REMEDIES SET FORTH IN THE INDENTURE AND, IF A DEFAULT ALSO EXISTS UNDER THE LOAN AGREEMENT, THE 2022 Series B-1 NOTE OR ANY OF THE OTHER LOAN DOCUMENTS, TO COMMENCE FORECLOSURE UNDER THE DEED OF TRUST AND THE OTHER LOAN DOCUMENTS AND THE EXERCISE OF THE POWER OF SALE UNDER THE DEED OF TRUST, AND ANY OF THE OTHER RIGHTS AND REMEDIES GRANTED UNDER THE LOAN DOCUMENTS. IN THE EVENT OF A DEFAULT UNDER THE INDENTURE OR THIS BOND, THE BONDHOLDER SHALL NOT HAVE THE RIGHT TO PROCEED DIRECTLY AGAINST THE ISSUER OR THE RIGHT TO OBTAIN A DEFICIENCY JUDGMENT FROM THE ISSUER AFTER FORECLOSURE. NOTHING CONTAINED IN THE FOREGOING SHALL LIMIT ANY RIGHTS OR REMEDIES THE ISSUER, TRUSTEE OR BONDHOLDER MAY HAVE AGAINST THE BORROWER.

THIS BOND, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY SHALL ALWAYS BE PAYABLE SOLELY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE AND IS AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE, WHICH REVENUES, FUNDS AND ASSETS SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THIS BOND, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE LOAN AGREEMENT.

This Bond is a limited obligation of the Issuer and, as and to the extent set forth in the Indenture, is payable solely from, and secured by a pledge of and lien on, the Trust Estate and any other Revenues.

This Bond shall be subject to redemption prior to maturity, at a price and upon such terms as are provided in the Indenture. No notice of redemption of this Bond need be given to the registered owner of this Bond, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

The principal of this Bond may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

Notwithstanding any provision of the Indenture or this Bond to the contrary, the Issuer shall be permitted to direct prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to prepay or redeem a like portion of this Bond, so long as the Issuer simultaneously causes other funds to be applied to redeem 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.

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 (including those contained in Section 2.05(b) of the Indenture) 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 will be issued to the transferee in exchange therefor. 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 schedule of drawings attached as Exhibit A hereto shall be used by the Trustee to record the payment of the purchase price of this Bond from time to time (such purchase price to be paid from time to time by the Holder of this Bond as provided in the Indenture and the Loan Agreement), which shall evidence the principal amount of this Bond purchased by the Bondowner from time to time. The Trustee shall credit any advanced funds toward the purchase price of this Bond on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under this Bond may not exceed \$[31,483,880] at any time and no portion of the purchase price therefor shall be funded after [December 31, 2025] except as may be permitted under the Indenture.

The Indenture contains provisions permitting the Issuer, the Trustee and the Bondowner Representative 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.

The Issuer hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act).

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

In the event of any conflict between the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall control.

[Remainder of Page Intentionally Left Blank]

The Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its authorized representative, and attested by the facsimile signature of its Secretary or Deputy Secretary, as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

[SEAL]

By: _____

Name:

Title:

ATTEST:

By: _____

Secretary or Deputy Secretary

CERTIFICATE OF AUTHENTICATION

This is the Bonds described in the within-mentioned Indenture and has been authenticated and registered on _____, 20__.

U.S. Bank National Association, as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint attorney, _____

to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SCHEDULE OF DRAWINGS

<u>Purchase Amount</u>	<u>Purchase Date</u>	<u>Outstanding Principal</u>	<u>Signature of Trustee</u>
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EXHIBIT A-2

FORM OF 2022 SERIES B-2 BONDS

THIS BOND MAY BE TRANSFERRED ONLY AS PERMITTED IN SECTION 2.05 OF THE INDENTURE HEREINAFTER DEFINED AND MAY BE OWNED ONLY BY A SOPHISTICATED INVESTOR (DEFINED AS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A OR AN INSTITUTIONAL ACCREDITED INVESTOR AS DEFINED IN RULE 501, EACH AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED) AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, REPRESENTS THAT IT IS A SOPHISTICATED INVESTOR, AND ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND IN WHOLE TO SOPHISTICATED INVESTORS IN ACCORDANCE WITH THE LIMITATIONS SET FORTH IN ARTICLE II OF THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF SAN DIEGO OR THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND.

No. R-1

[\$27,000,000]

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(SHORELINE)
2022 SERIES B-2**

REGISTERED OWNER: ZIONS BANCORPORATION, N.A. DBA CALIFORNIA
BANK & TRUST

PRINCIPAL SUM: [] DOLLARS

ISSUE DATE: [CLOSING DATE]

INTEREST RATE: []%

The Housing Authority of the City of San Diego, a public body, corporate and politic of the State of California, duly organized under the laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on [MATURITY DATE D-2] (subject to prior redemption as provided in the Indenture) the sum of up [] Dollars (\$[27,000,000]) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the above Interest Rate or as otherwise described below. The actual unpaid principal hereof shall be equal to the purchase price hereof paid by the Bondowner under the Indenture and the Loan Agreement to fund the 2022 Series B-2 Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture referenced below, or in the 2022 Series B-2 Note, dated as of [January 1, 2022], made by Grantville Trolley Family Housing, L.P., a California limited partnership (the "Borrower"), to the order of the Issuer.

This Bond shall bear interest, payable on each Interest Payment Date corresponding and pursuant to and in accordance with the terms of the 2022 Series B-2 Note. Notwithstanding the foregoing, this Bond shall bear interest at the Default Rate (not to exceed the Maximum Rate) under the conditions set forth therein and upon the occurrence of an Event of Default under the Indenture or under the Loan Agreement. Interest on this Bond shall be computed on the basis of a 360-day year and actual days elapsed.

This Bond shall bear interest from the date to which interest has been paid on this Bond next preceding the date of authentication hereof, unless this Bond is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

In the event the Issuer fails to make the timely payment of any monthly payment, the Issuer shall pay interest on the then outstanding balance hereof at the Default Rate; provided, however, that such rate shall under no circumstances exceed the Maximum Rate.

This Bond shall be subject to redemption via monthly mandatory prepayment amounts and on the dates set forth in the 2022 Series B-2 Note.

This Bond is a duly authorized bond of the Issuer designated as “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-2 (Taxable)” (the “Bond”), in the initial maximum principal amount of up to \$[27,000,000]. This Bond is issued in accordance with Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) and a resolution of the Board of Commissioners of the Issuer (the “Resolution”), and issued under and secured by an Indenture of Trust, dated as of [January 1, 2022] (the “Indenture”), between the Issuer and U.S. Bank National Association, as the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owner of this Bond, of the nature and extent of the security, of the rights, duties and immunities the Trustee and the Bondowner Representative, and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the owner of this Bond, by acceptance hereof, assents and agrees. The proceeds of this Bond will be used to make the 2022 Series B-2 Loan to the Borrower pursuant to a Loan Agreement, dated as of [January 1, 2022] (the “Loan Agreement”) between the Issuer and the Borrower, to finance costs of the acquisition and construction of an affordable multifamily housing development located in the City of San Diego, California.

THIS BOND IS A LIMITED, SPECIAL OBLIGATION OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE ISSUER TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS BOND OR TO SATISFY ANY OTHER MONETARY OBLIGATIONS OF THE ISSUER UNDER THE LOAN DOCUMENTS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO

MAKE ANY APPROPRIATION FOR ITS PAYMENT. THE REPAYMENT OF THIS BOND IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DOES THE BOND CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

NEITHER THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE ISSUER NOR THE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS OF THE ISSUER SHALL BE PERSONALLY LIABLE FOR THE AMOUNTS OWING UNDER THE INDENTURE, THIS BOND OR ANY OF THE OTHER LOAN DOCUMENTS; AND THE BONDHOLDER'S REMEDIES IN THE EVENT OF A DEFAULT UNDER THE INDENTURE OR ANY OF THE LOAN DOCUMENTS SHALL BE LIMITED TO THOSE REMEDIES SET FORTH IN THE INDENTURE AND, IF A DEFAULT ALSO EXISTS UNDER THE LOAN AGREEMENT, THE 2022 Series B-2 NOTE OR ANY OF THE OTHER LOAN DOCUMENTS, TO COMMENCE FORECLOSURE UNDER THE DEED OF TRUST AND THE OTHER LOAN DOCUMENTS AND THE EXERCISE OF THE POWER OF SALE UNDER THE DEED OF TRUST, AND ANY OF THE OTHER RIGHTS AND REMEDIES GRANTED UNDER THE LOAN DOCUMENTS. IN THE EVENT OF A DEFAULT UNDER THE INDENTURE OR THIS BOND, THE BONDHOLDER SHALL NOT HAVE THE RIGHT TO PROCEED DIRECTLY AGAINST THE ISSUER OR THE RIGHT TO OBTAIN A DEFICIENCY JUDGMENT FROM THE ISSUER AFTER FORECLOSURE. NOTHING CONTAINED IN THE FOREGOING SHALL LIMIT ANY RIGHTS OR REMEDIES THE ISSUER, TRUSTEE OR BONDHOLDER MAY HAVE AGAINST THE BORROWER.

THIS BOND, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY SHALL ALWAYS BE PAYABLE SOLELY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE AND IS AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE, WHICH REVENUES, FUNDS AND ASSETS SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THIS BOND, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE LOAN AGREEMENT.

This Bond is a limited obligation of the Issuer and, as and to the extent set forth in the Indenture, is payable solely from, and secured by a pledge of and lien on, the Trust Estate and any other Revenues.

This Bond shall be subject to redemption prior to maturity, at a price and upon such terms as are provided in the Indenture. No notice of redemption of this Bond need be given to the registered owner of this Bond, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

The principal of this Bond may be declared due and payable upon the conditions, in the manner and with the effect provided 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 (including those contained in Section 2.05(b) of the Indenture) 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 will be issued to the transferee in exchange therefor. 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 schedule of drawings attached as Exhibit A hereto shall be used by the Trustee to record the payment of the purchase price of this Bond from time to time (such purchase price to be paid from time to time by the Holder of this Bond as provided in the Indenture and the Loan Agreement), which shall evidence the principal amount of this Bond purchased by the Bondowner from time to time. The Bondowner shall credit any advanced funds toward the purchase price of this Bond on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under this Bond may not exceed \$[27,000,000] at any time and no portion of the purchase price therefor shall be funded after [December 31, 2024] except as may be permitted under the Indenture.

The Indenture contains provisions permitting the Issuer, the Trustee and the Bondowner Representative 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.

The Issuer hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act).

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

In the event of any conflict between the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall control.

[Remainder of Page Intentionally Left Blank]

The Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its authorized representative, and attested by the facsimile signature of its Secretary or Deputy Secretary, as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

[SEAL]

By: _____
Name:
Title:

ATTEST:

By: _____
Secretary or Deputy Secretary

CERTIFICATE OF AUTHENTICATION

This is the Bonds described in the within-mentioned Indenture and has been authenticated and registered on [Closing Date].

U.S. Bank National Association, as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint attorney, _____

to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SCHEDULE OF DRAWINGS

Purchase Amount	Purchase Date	Outstanding Principal	Signature of Trustee
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EXHIBIT B

FORM OF INVESTOR'S LETTER

[Date]

Housing Authority of the City of San Diego
San Diego, California

U.S. Bank National Association,
as Trustee
Los Angeles, California

Re: Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-1 and Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-2

Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges receipt of the above referenced bonds (the "Bonds"), dated [Closing Date] in fully registered form and in the principal amount of \$ _____. The Bonds have been checked, inspected and accepted by the Investor.

The undersigned acknowledges that the Bonds were issued for the purpose of making a loan to assist in the financing of the acquisition and construction of a multifamily housing project located in San Diego, California (the "Project") and that the loan is evidenced by the Loan Agreement dated as of [January 1, 2022] (the "Loan Agreement"), by and between the Housing Authority of the City of San Diego (the "Issuer") and Grantville Trolley Family Housing (the "Borrower"). The undersigned further acknowledges that the Bonds are secured as provided in that certain Indenture of Trust, dated as of [January 1, 2022] (the "Indenture"), between the Issuer and U.S. Bank National Association, as Trustee. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

In connection with the acquisition of the Bonds by the Investor, the Investor hereby makes the following representations upon which you may rely:

(a) The Investor is a Sophisticated Investor, as such term is defined in Section 1.01 of the Indenture.

(b) The Investor has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of governmental obligations, and is capable of evaluating the merits and risks of its investment in the Bonds. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

(c) The Bonds are being acquired by the Investor for its own account. The Investor does not presently intend to make a public distribution of, or to transfer, all or any part of the Bonds or any interests therein. The Investor understands that it may need to bear the risks of this

investment for an indefinite time, since any sale prior to maturity may not be possible. Any transfers may be made only as permitted by the Indenture, including Section 2.05 thereof.

(d) The Investor understands that the Bonds have not been registered under the Securities Act of 1933, as amended, or under any state securities laws. The Investor agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Investor is familiar with the conditions, financial and otherwise, of the Borrower (as such term is used in the Indenture) and understands that the Borrower has no significant assets other than the Project (as defined in the Indenture) for payment of the Loans (as defined in the Indenture). Further, the Investor understands that the Bonds involve a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Investor understands and acknowledges that, among other risks, the Bonds are payable solely from payments made by the Borrower on the Loans. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Borrower regarding the terms and conditions of the Bonds and the Loans. The Investor has obtained all information requested by it in connection with the issuance of the Bonds as it regards necessary to evaluate all merits and risks of its investment in the Bonds. The Investor has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Bonds, the Indenture, the Notes (as such term is defined in the Indenture) and the Loan Agreement.

(f) The Investor is not now and has never been controlled by, or under common control with, the Borrower. The Borrower has never been and is not now controlled by the Investor. The Investor has entered into no arrangements with the Borrower or with any affiliate of Borrower in connection with the Bonds, other than as disclosed to the Issuer.

(g) The Investor has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with its purchase of the Bonds. The individual who is signing this letter on behalf of the Investor is a duly appointed, qualified, and acting officer of the Investor and is authorized to cause the Investor to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Investor.

(h) In entering into this transaction, the Investor has not relied upon any representations or opinions of the Issuer relating to the legal consequences or other aspects of its investment in the Bonds, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project, including the financing or management thereof, or any other matter pertaining to the merits or risks of the transactions contemplated by the Indenture and the Loan Agreement, or the adequacy of the funds pledged to secure repayment of the Bonds.

(i) The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the Issuer, the City of San Diego, the State of California or any political subdivision or taxing district thereof; that the Bonds will never

represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the City of San Diego, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the Issuer with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

(j) The Investor has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

(k) The Investor acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.05 of the Indenture, including in certain circumstances the requirement for the delivery to the Issuer of an investor’s letter in the same form as this letter, including this paragraph. Failure to comply with the provisions of Section 2.05 of the Indenture shall cause the purported transfer to be null and void. The Investor agrees to indemnify and hold harmless the Issuer with respect to any claim asserted against the Issuer that arises with respect to any sale, transfer or other disposition of the Bonds by the Investor or any transferee thereof in violation of the provisions of the Indenture.

(l) None of the Issuer, its Board of Commissioners, or any of its employees or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Investor from any source regarding the Borrower or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Issuer to the Investor with respect to the Bonds. The Investor acknowledges that, as between the Investor and all of such parties, the Investor has assumed responsibility for obtaining such information and making such review as the Investor deemed necessary or desirable in connection with its decision to purchase the Bonds.

(m) The Investor acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that neither the Issuer nor the Borrower has undertaken to provide any continuing disclosure with respect to the Bonds.

(n) The Investor acknowledges that interest on the 2022 Series B-1 Bonds is not excludable from gross income of the owner thereof for federal income tax purposes for any period during which the 2022 Series B-1 Bonds is owned by a person who is a substantial user of the facilities financed by the 2022 Series B-1 Bonds or any person considered to be related to such substantial user (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended).

The Investor acknowledges that the ownership of the Bonds by the Investor is subject to the certifications, representations and warranties herein to the addressees hereto. Capitalized terms used herein and not otherwise defined herein have the meanings given such terms in the Indenture.

Very truly yours,

[INVESTOR], as Bond Purchaser

By: _____

Name:

Title:

[Signature Page to ShoreLINE Investor Letter]

EXHIBIT C

FORM OF CONSTRUCTION FUND DISBURSEMENT REQUEST

DRAW NUMBER []

To: U.S. Bank National Association, as trustee (the “Trustee”) under that certain Indenture of Trust, dated as of [January 1, 2022] (the “Indenture”), between the Housing Authority of the City of San Diego and the Trustee.

1. You are requested to disburse funds from the Bonds Proceeds Account of the Construction Fund pursuant to Section 3.03 of the Indenture as Draw Number [] in the aggregate amount of \$[_____] in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. Capitalized terms not defined herein have the meanings assigned thereto in the Indenture.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under this disbursement request to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of this disbursement request;

(ii) this disbursement request contains no items representing payment on account of any percentage entitled to be retained at the date of this disbursement request;

(iii) the obligation stated in this disbursement request has been incurred in or about the acquisition or rehabilitation of the Project, each item is a proper charge against the Construction Fund, and the obligation has not been the basis for a prior disbursement request that has been paid;

(iv) this disbursement request contains no items representing any Issuance Costs or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) not less than 97% of the sum of: (A) the amounts requested by this disbursement request to be funded with the proceeds of the 2022 Series B-1 Bonds plus (B) all amounts allocated to the 2022 Series B-1 Bonds previously disbursed from the Construction Fund, have been or will be applied by the Borrower to pay Qualified Project Costs;

(vi) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Indenture or under the Loan Agreement or, to the knowledge of the undersigned, an Event of Default under the Indenture; and

(vii) this disbursement request complies with all applicable requirements of the Regulatory Agreement, as well as with all applicable requirements of the Loan Agreement and the Tax Certificate.

3. The Borrower has obtained written consent of the Bondowner Representative to this disbursement request, as evidenced by its signature below.

Dated: _____

GRANTVILLE TROLLEY FAMILY HOUSING, L.P.,
a California limited partnership

By: _____

APPROVED:

ZIONS BANCORPORATION, NA.
CALIFORNIA BANK & TRUST,
as Bondowner Representative

By: _____

Its: _____

[Signature Page to Construction Fund Disbursement Request]

SCHEDULE I

<u>Amount</u>	<u>Person</u>	<u>Purpose</u>
---------------	---------------	----------------

LOAN AGREEMENT

by and between

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,
as Issuer**

and

**GRANTVILLE TROLLEY FAMILY HOUSING, L.P.,
a California limited partnership
as Borrower**

Dated as of [January 1, 2022]

relating to:

**[\$[2022B-1 PAR]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds (ShoreLINE)
2022 Series B-1**

and

**[\$[2022B-2 PAR]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds (ShoreLINE)
2022 Series B-2 (Taxable)**

The interests of the Issuer in this Loan Agreement and the Notes, excluding the Reserved Rights, have been assigned to U.S. Bank National Association, as trustee, pursuant to an Assignment of Deed of Trust and Related Documents dated as of [January 1, 2022] by the Issuer for the benefit of U.S. Bank National Association as trustee.

TABLE OF CONTENTS

Page

ARTICLE 1

DEFINITIONS

Section 1.01. Defined Terms	2
-----------------------------------	---

ARTICLE 2

ISSUANCE OF BONDS; PAYMENT OF ISSUANCE AND OTHER COSTS; ASSIGNMENTS BY THE ISSUER

Section 2.01. Issuance of Bonds	4
Section 2.02. No Warranty by the Issuer	4
Section 2.03. Payment of Costs of Issuance by the Borrower	5
Section 2.04. Assignment of Certain Rights	5
Section 2.05. Issuer Fees	6
Section 2.06. Payment of Other Amounts by the Borrower	6

ARTICLE 3

DISBURSEMENTS

Section 3.01. Disbursements of the Loans and the Bonds	6
--	---

ARTICLE 4

COVENANTS OF BORROWER

Section 4.01. Indemnity	7
Section 4.02. Certain Government Regulations	9
Section 4.03. Sale of Bonds in Secondary Market	9

ARTICLE 5

REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER

Section 5.01. Tax Status of Bond	10
Section 5.02. Incorporation of Tax Certificate	10
Section 5.03. Tax Covenants	10

ARTICLE 6

DEFAULT AND REMEDIES

Section 6.01. Events of Default	12
Section 6.02. Remedies	12
Section 6.03. Waiver of the Right of Setoff	14

TABLE OF CONTENTS
(continued)

Page

ARTICLE 7

PLEDGED ACCOUNTS; RESERVE ACCOUNTS

Section 7.01. Pledged Accounts.....	14
Section 7.02. Non-Pledged Accounts	14

ARTICLE 8

MISCELLANEOUS

Section 8.01. No Waiver; Consents	15
Section 8.02. Singular and Plural.....	15
Section 8.03. No Third Parties Benefited	15
Section 8.04. Notices	15
Section 8.05. Authority to File Notices	15
Section 8.06. Actions	15
Section 8.07. Legal and Other Expenses	15
Section 8.08. Force Majeure	16
Section 8.09. Integration and Amendments; Conflicts	16
Section 8.10. Binding Effect; Successors and Assigns; Disclosure.....	16
Section 8.11. Relationship of Parties; No Fiduciary Duty.....	17
Section 8.12. Limitation on the Issuer's Liability.....	17
Section 8.13. Counterparts	21
Section 8.14. Captions	21
Section 8.15. Incorporation.....	21
Section 8.16. Applicable Law	21
Section 8.17. Time of Essence	21
Section 8.18. Term of Loan Agreement.....	21

EXHIBIT A LEGAL DESCRIPTION

EXHIBIT B [FORM OF NOTES]

LOAN AGREEMENT

THIS LOAN AGREEMENT (this “Agreement”) is made and entered into and dated as of [January 1, 2022], by and between the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a body corporate and politic of the State of California (together with any successors and assigns, the “Issuer”) and GRANTVILLE TROLLEY FAMILY HOUSING, L.P., a California limited partnership (the “Borrower”), and acknowledged and agreed to by ZIONS BANCORPORATION, N.A. DBA CALIFORNIA BANK & TRUST, as Bondowner Representative (the “Bondowner Representative”)

RECITALS:

WHEREAS, the Issuer is a body corporate and politic created under the laws of the State of California (the “State”); and

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, the Issuer is empowered to issue its revenue bonds to finance the acquisition, rehabilitation, construction, equipping and development of multifamily rental housing; and

WHEREAS, the Borrower has requested that the Issuer issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-1 in the maximum principal amount (aggregate face amount) of \$[] (the “2022 Series B-1 Bonds”) and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-2 (Taxable) in the maximum principal amount (aggregate face amount) of \$[] (the “2022 Series B-2 Bonds,” and together with the 2022 Series B-1 Bonds, the “Bonds”) for the purpose of making two loans (collectively, the “Loans,” comprised of a “2022 Series B-1 Loan” and a “2022 Series B-2 Loan”) to the Borrower to finance, in part, the acquisition, construction and development by the Borrower of a 126-unit (including two manager units) multifamily residential rental facility known or to be known as “ShoreLINE” and located at 4470 Alvarado Canyon Road in San Diego, California, on land which is more particularly described on Exhibit A (the “Land”) subject to the Ground Lease, which Land, together with the improvements located thereon (the “Improvements”) is collectively referred to herein as the “Property” (collectively, the “Project”) and the Bonds are being issued pursuant to an Indenture of Trust, dated as of [January 1, 2022] by and among the Issuer, U.S. Bank National Association, as trustee (“Trustee”) and the Bondowner Representative (the “Indenture”); and

WHEREAS, the Issuer deems it desirable and in keeping with its purpose to issue the Bonds and lend the proceeds thereof to the Borrower for the purposes described above under the terms and conditions contained in this Loan Agreement; and

WHEREAS, to evidence the 2022 Series B-1 Loan, the Borrower is executing in favor of the Issuer that certain promissory note payable to the order of the Issuer in the original maximum principal amount of \$[2022B-1 PAR] (the “2022 Series B-1 Note”), which 2022 Series B-1 Note provides for the repayment of the 2022 Series B-1 Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the 2022 Series B-1 Bonds; and

WHEREAS, to evidence the 2022 Series B-2 Loan, the Borrower is executing in favor of the Issuer that certain promissory note payable to the order of the Issuer in the original maximum

principal amount of \$[2022B-2 PAR] (the “2022 Series B-2 Note,” and together with the 2022 Series B-1 Note, the “Notes”), which 2022 Series B-2 Note provides for the repayment of the 2022 Series B-2 Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the 2022 Series B-2 Bonds; and

WHEREAS, the Borrower has executed or caused to be executed and delivered to the Issuer the Construction and Permanent Trust Deed, with Assignment of Rents, Security Agreement and Fixture Filing (the “Deed of Trust”) with respect to the Project, which Deed of Trust shall be assigned by the Issuer to the Trustee, as trustee, pursuant to that certain Assignment of Deed of Trust and Related Documents (the “Assignment of Deed of Trust”), dated as of [January 1, 2022], to secure, among other things, the payments due under the Notes and this Loan Agreement; and

WHEREAS, the execution and delivery of this Loan Agreement and the issuance of the Bonds have been duly and validly authorized by the Issuer.

AGREEMENT:

NOW, THEREFORE, the Issuer and the Borrower, each in consideration of the representations, covenants and agreements of the other as set forth herein, and for other consideration the receipt and sufficiency of which is hereby acknowledged, mutually represent, covenant and agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.01. Defined Terms. Capitalized terms used in this Loan Agreement and not otherwise defined herein have the meanings for those terms set forth in the Indenture.

“Affiliate” means any person or entity directly or indirectly controlling, controlled by, or under direct or indirect common control with, another identified person or entity. A person or entity will be deemed to control a corporation or other entity if such person or entity possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation or other entity, whether through the ownership of voting securities, by contract or otherwise.

“Assignment of Deed of Trust” has the meaning set forth in the recitals to this Loan Agreement.

“Borrower’s Governing Agreement” means that certain Amended and Restated Agreement of Limited Partnership, under which the Investor Limited Partner is admitted as a limited partner of the Borrower, which agreement is to be executed and delivered substantially concurrently with the execution and delivery of this Loan Agreement.

“Default” has the meaning set forth in Section 6.01.

“Disbursement Agreement” means that Disbursement Agreement dated as of [January 1, 2022] between the Borrower and the Bondowner Representative.

“Disbursements” means disbursements of funds to pay Project Costs, which disbursements are made from proceeds of the Loans or other funds held by the Bondowner Representative in Pledged Accounts that are available for that purpose.

“Draw Request” means a disbursement request as described in Exhibit B to the Disbursement Agreement.

“Event of Default” has the meaning set forth in Section 6.01.

“Guarantor” has the meaning set forth in the Disbursement Agreement.

“Guaranty” has the meaning set forth in the Disbursement Agreement.

“Improvements” has the meaning set forth in the recitals to this Loan Agreement.

“Indemnified Costs” means all liabilities, claims, actions, causes of action, judgments, orders, damages, costs, expenses, fines, penalties and losses (including sums paid in settlement of claims and all consultant, expert and legal expenses), incurred by any Indemnified Party in connection with the Loans or the Loan Documents.

“Indemnified Parties” means the Trustee, the Issuer and their respective officers, directors, attorneys, accountants, employees, agents and consultants, past, present and future, and its successors and assigns, as well as the Bondowner Representative, its parents, subsidiaries and other Affiliates, assignees of the Bondowner Representative’s interest in the Bonds or the Loans, and the officers, directors, attorneys, accountants, employees, agents and consultants of each of them.

“Indenture” has the meaning set forth in the recitals to this Loan Agreement.

“Land” has the meaning set forth in the recitals to this Loan Agreement.

“Loan Agreement” means this Loan Agreement, dated as of [January 1, 2022], as originally executed and as it may hereafter be amended in accordance with its terms.

“Loans” has the meaning set forth in the recitals to this Loan Agreement.

“Loan Closing” means the issuance of the Bonds and the recording of the Deed of Trust.

“Loan Documents” means, collectively, this Loan Agreement, the Disbursement Agreement, the Notes, the Deed of Trust, the Regulatory Agreement, the other Security Documents and all other documents that evidence, guarantee or secure the Loans.

“Loan Proceeds” means the proceeds of the Loans in the maximum principal amount set forth in this Loan Agreement.

“Pledged Accounts” has the meaning set forth in [the Disbursement Agreement].

“Property” has the meaning set forth in the recitals to this Loan Agreement.

“Security Documents” means the Deed of Trust, such assignments of the Project contracts as the Bondowner Representative may require and such other security documents as the Bondowner Representative may require as security for the repayment of the Loans, the Notes and related obligations.

“State” has the meaning set forth in the recitals to this Loan Agreement.

“Treasury Regulations” means Title 26 of the Code of Federal Regulations.

“Trustee Ongoing Fee” means the ongoing fee of the Trustee in the amount of \$1,600.00 per series, so long as any of the Bonds remain Outstanding, payable annually in advance, commencing on the Closing Date and on each anniversary of the Closing Date thereafter.

ARTICLE 2

ISSUANCE OF BONDS; PAYMENT OF ISSUANCE AND OTHER COSTS; ASSIGNMENTS BY THE ISSUER

Section 2.01. Issuance of Bonds. Upon execution of this Loan Agreement, the other Loan Documents, the Indenture and the occurrence of all conditions precedent to the issuance of the Bonds in Section 3.01 of the Indenture, the Issuer will execute the Bonds and the Trustee will authenticate and deliver the Bonds to the Bondowner Representative, or to its order, upon payment of the initial purchase price of the Bonds in the amount of the Initial Disbursement. The proceeds of the Bonds will be disbursed in accordance with the Indenture and this Loan Agreement.

Section 2.02. No Warranty by the Issuer. THE BORROWER AGREES THAT, BECAUSE THE COMPONENTS OF THE PROJECT HAVE BEEN AND ARE TO BE DESIGNATED AND SELECTED BY IT, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.02 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT. IN ADDITION, THE BORROWER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT IT UNDERSTANDS THE NATURE AND STRUCTURE OF THE PROJECT; THAT IT IS FAMILIAR WITH THE PROVISIONS OF ALL OF THE

DOCUMENTS AND INSTRUMENTS RELATING TO THE FINANCING OF THE PROJECT TO WHICH IT OR THE ISSUER IS A PARTY OR OF WHICH IT IS A BENEFICIARY; THAT IT UNDERSTANDS THE RISKS INHERENT IN SUCH TRANSACTIONS, INCLUDING WITHOUT LIMITATION THE RISK OF LOSS OF THE PROJECT; 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 FOR THE LOANS.

Section 2.03. Payment of Costs of Issuance by the Borrower. The Borrower agrees that it will provide any and all funds required for the prompt and full payment of all Costs of Issuance from sources other than proceeds of the Bonds, including, but not limited to, the following items:

(a) all reasonable legal (including Bond Counsel and counsel to the Borrower, the Issuer, the Trustee, and the Bondowner Representative), abstractors', title insurance, financial, engineering, environmental, construction services, survey, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by the Borrower, the Issuer, the Trustee or the Bondowner Representative on or before or in connection with issuance of the Bonds;

(b) premiums on all insurance required to be secured and maintained pursuant to this Loan Agreement or the other Loan Documents during the term of this Loan Agreement;

(c) all recording fees and other taxes, charges, assessments, license or registration fees of every nature whatsoever incurred and to be incurred in connection with the Loans (other than a tax on the income of the Issuer or the Bondowner Representative);

(d) all initial fees and expenses of the Bondowner Representative, the Issuer and the Trustee (including, without limitation, the Issuer's administrative fee as set forth in Section 7(a)(i) of the Regulatory Agreement); and

(e) fees payable to the California Debt Limit Allocation Committee and the California Debt and Investment Advisory Commission with respect to the Bonds and the financing of the Project.

Section 2.04. Assignment of Certain Rights. Pursuant to the Indenture and the Assignment of Deed of Trust, the Issuer has assigned the Revenues and has assigned, without recourse or liability, to the Trustee, certain of the Issuer's rights under this Loan Agreement and the Notes, including the right to receive certain payments hereunder (but excluding the Reserved Rights, among them the Issuer's rights to payments under Sections 2.05, 2.06, 4.01 and 8.08 of this Loan Agreement, which have not been so assigned), and hereby directs the Borrower to make payments required herein or under the Notes to be made to the Issuer, either to the Trustee or as otherwise directed by the Bondowner Representative. The Borrower assents to such assignment and will make such payments under this Loan Agreement directly to the Trustee or as otherwise

directed by the Bondowner Representative without defense or set off by reason of any dispute between the Borrower, and the Issuer, the Trustee or the Bondowner Representative.

Section 2.05. Issuer Fees. The Borrower shall timely pay the fees payable to the Issuer set forth in Section 20 of the Regulatory Agreement as and when due, whether or not billed by the Issuer.

Section 2.06. Payment of Other Amounts by the Borrower. The Borrower shall promptly and timely pay all other amounts due to the Issuer, the Trustee (including, but not limited to the Trustee Ongoing Fee), the Rebate Analyst, or others as provided under the Indenture, the Notes, the Disbursement Agreement, the Regulatory Agreement and any other of the Loan Documents. The Borrower shall be personally liable under this Loan Agreement, the Notes, the Deed of Trust and all other Loan Documents for the repayment of amounts owing under this Loan Agreement or the Notes, or for the performance of any other obligations of the Borrower under this Loan Agreement, the Notes, the Deed of Trust and the other Loan Documents.

ARTICLE 3

DISBURSEMENTS

Section 3.01. Disbursements of the Loans and the Bonds. (a) The Bondowner shall advance funds to purchase the Bonds and fund the Loans as provided herein, in the Disbursement Agreement and in the Indenture.

(b) Under no circumstances shall the aggregate amount of funds requisitioned hereunder, and chargeable to the Loans, exceed the Authorized Amounts of the respective Bonds, which shall be derived from funds advanced to purchase the Bonds in an amount which shall not exceed the applicable Authorized Amounts. Notwithstanding any other provision of this Loan Agreement: (i) the principal amount of the 2022 Series B-1 Note and the 2022 Series B-1 Loan shall equal the purchase price of the 2022 Series B-1 Bonds advanced by the Bondowner; and (ii) the principal amount of the 2022 Series B-2 Note and the 2022 Series B-2 Loan shall equal the purchase price of the 2022 Series B-2 Bonds advanced by the Bondowner; all to the extent such respective Bonds are Outstanding under the Indenture and the related Loan has not been repaid under this Loan Agreement. [A copy of each Disbursement Request shall be provided to the Trustee and the Trustee shall note the date and amount of each disbursement of the Loans (which disbursements shall be made, except as otherwise provided in Section 3.02 and 3.03 of the Indenture, by the deposit of Bond advances in the Bond Proceeds Account of the Construction Fund under the Indenture)] on the Schedules of Drawings attached to the Bonds as additional payment of purchase price of the Bonds by delivery of completed Disbursement Requests.

(c) The Borrower may submit Draw Requests to the Bondowner Representative as provided in the Disbursement Agreement, a copy of which shall be provided to the Trustee.

(d) The Bondowner shall pay the initial purchase price of the 2022 Series B-1 Bonds, in the amount of the Initial Disbursement [NOTE-minimum \$55,000], to the

Trustee on the Closing Date as described in Section 3.01 of the Indenture, as the purchase price of a portion of the 2022 Series B-1 Bonds, which amount shall be used as provided in the [Construction Fund requisition delivered to the Trustee not later than the Closing Date]. Upon the satisfaction of the terms and conditions set forth in the Indenture, the funds on deposit in the Bond Proceeds Account of the Construction Fund shall be disbursed by the Trustee on the same terms as provided for hereunder, under the Indenture and under the Disbursement Agreement. No funds shall be disbursed from the Bond Proceeds Account of the Construction Fund without the prior written consent of Bondowner Representative, except as otherwise provided in Section 3.03(b) of the Indenture.

(e) Moneys in the Construction Fund shall be disbursed as provided in Section 3.03 of the Indenture. Moneys in the Costs of Issuance Fund shall be disbursed by the Trustee in accordance with the instructions received from the Borrower pursuant to Section 3.04 of the Indenture.

ARTICLE 4

COVENANTS OF BORROWER

The Borrower will keep and perform each of the covenants set forth below:

Section 4.01. Indemnity. Borrower shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any and all liabilities, claims, actions, proceedings, damages, costs and expenses (including all reasonable attorney's fees and expenses, including, but not limited to, the fees and costs of any of such party's in-house counsel and legal staff) arising out of or resulting from:

(a) The Loans, the Loan Documents, the Indenture, the Regulatory Agreement or the execution or amendment or performance thereof or in connection with the transactions contemplated therein, including the issuance, sale and/or resale of the Bonds.

(b) The development of the Project, rehabilitation of the Improvements or the ownership, operation or use of the Project.

(c) Any declaration of taxability of interest on the 2022 Series B-1 Bonds, or allegations (or regulatory inquiry) that interest on the 2022 Series B-1 Bonds is taxable, for federal tax purposes.

(d) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loans or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof.

(e) Any lien or charge upon payments by the Borrower to the Issuer and/or the Bondowner Representative hereunder or under the Notes, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project.

(f) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof.

(g) The defeasance and/or redemption, in whole or in part, of the Bonds.

(h) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate, any offering statement or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds to which the Borrower is a party or to which it has assented and is bound, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading.

The liability of Borrower under this indemnity shall not be limited or impaired in any way by (i) the release, reconveyance, foreclosure or other termination of the Deed of Trust, the payment in full of the Loans, any bankruptcy or other bankruptcy proceeding, or any other event whatsoever; (ii) any provision in the Loan Documents or the Indenture or applicable law limiting Borrower's liability or any Indemnified Party's recourse or rights to a deficiency judgment; or (iii) any change, extension, release, inaccuracy, breach or failure to perform by any party under the Loan Documents or the Indenture. Borrower's liability hereunder is direct and primary and not secondary as a guarantor or surety.

This indemnity is not intended to give rise to, and shall not give rise to, a right of Bondowner Representative to claim payment of the principal and accrued interest with respect to the Loans as a result of a claim under this Section 4.01. Notwithstanding anything to the contrary contained in this Section 4.01, the provisions of this Section 4.01 shall not extend to any claim or liability to the extent arising out of or resulting from the willful misconduct of the Issuer, each of its respective officers, commissioners, employees, attorneys and agents, past, present and future, or the gross negligence or willful misconduct of any other Indemnified Party.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any claim or proceeding brought with respect to such claim, except to the extent arising out of or resulting from the willful misconduct of the Issuer, each of its respective officers, commissioners, employees, attorneys and agents, past, present and future, or the gross negligence or willful misconduct of any other Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Borrower, subject to the approval of the Indemnified Party which approval shall not be unreasonably withheld or delayed, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to

employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of Borrower if, in the reasonable judgment of such Indemnified Party, upon the advice of counsel, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Loan Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 4.01 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless such Indemnified Party has consented to such transfer and to the assignment of the rights and obligations of Borrower hereunder.

The rights of any persons to indemnity hereunder and to payment of fees and reimbursement of expenses pursuant to this Loan Agreement shall survive the final payment or defeasance of the Loans and the Bonds and, in the case of Bondowner Representative and the Trustee, any resignation or removal under the Indenture. The provisions of this Section 4.01 shall survive the termination of this Loan Agreement.

Section 4.02. Certain Government Regulations. The Borrower will not: (a) be or become subject at any time to any governmental requirements, or be included on any list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits the Bondowner Representative from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower, or (b) fail to provide documentary and other evidence of the Borrower's identity as may be requested by the Bondowner Representative at any time to enable the Bondowner Representative to verify its identity or to comply with any such applicable requirements, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

Section 4.03. Sale of Bonds in Secondary Market. The Borrower acknowledges the possibility that the Bondowner may desire to facilitate the marketability of the Bonds to a purchaser in the secondary market to the extent permitted by the Indenture, and the Borrower agrees to execute such other documents as are required to effectuate such resale of the Bonds by the Bondowner, provided that the same do not change the economic terms of the transactions described herein or expand the liabilities of the Borrower hereunder.

ARTICLE 5

REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER

The Borrower represents and warrants that each and every representation and warranty set forth below is true, accurate and correct as of the date of this Loan Agreement. Each Draw Request will be deemed to be a reaffirmation, as of the date such Draw Request is submitted to the Bondowner Representative and the Trustee, of each and every representation and warranty made by the Borrower in this Loan Agreement. The Borrower hereby represents and warrants as follows:

Section 5.01. Tax Status of Bond. The Borrower will not take or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2022 Series B-1 Bonds. The Borrower will take such action or actions, including amending the Loans, the Regulatory Agreement and this Loan Agreement, if determined to be necessary to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Service under the Code as applicable to the 2022 Series B-1 Bonds. The Borrower further covenants and agrees that it will direct all investments in compliance with the Code. The Borrower covenants and agrees to cause to be calculated by the Rebate Analyst and pay to the Trustee any amounts owing to the United States as rebatable arbitrage in accordance with the procedures set forth in the Tax Certificate and Section 6.07 of the Indenture

Section 5.02. Incorporation of Tax Certificate. The covenants, representations, warranties and agreements of the Borrower set forth in the Tax Certificate are incorporated by reference herein as if fully set forth herein. In the event of any conflict between the requirements of this Article V and the requirements of the Tax Certificate, the Tax Certificate shall be deemed to control.

Section 5.03. Tax Covenants. The Borrower shall comply with the requirements and conditions of the Tax Certificate and the Regulatory Agreement. Without limiting the foregoing and notwithstanding anything to the contrary in this Loan Agreement, the Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the 2022 Series B-1 Bonds to be included in gross income of the Bondowner for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including:

(a) the Borrower will not use the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, in the manner which will cause the 2022 Series B-1 Bonds to be an “arbitrage bond” within the meaning of such section, and will comply with the requirements of such Section throughout the term of the 2022 Series B-1 Bonds;

(b) the Borrower will prepare and file any statements required to be filed by it in order to maintain such exclusion;

(c) the Borrower will pay to the United States any amount required to be paid by the Issuer or the Borrower pursuant to Section 148(f) of the Code, at the times, in the amounts and at the places required in order to maintain the exclusion of interest on the 2022 Series B-1 Bonds from gross income of the Bondowner for federal income tax purposes, and the Borrower shall compute, or cause to be computed, such amounts annually until the earlier of (i) the date required by the Code, or (ii) the date on which the 2022 Series B-1 Bonds is no longer outstanding;

(d) not less than 97% of the net proceeds of the 2022 Series B-1 Bonds (within the meaning of Section 142(a) of the Code) shall be used to pay Qualified Project Costs;

(e) in order to satisfy the requirements set forth in subpart (4) of the definition of “program investment” that appears in Section 1.148-1(b) of the Treasury Regulations (which requirements must be met in order for the 2022 Series B-1 Loan to qualify as a program investment within the meaning of that section), neither the Borrower nor any related person will purchase the 2022 Series B-1 Bonds in an amount related to the amount of the 2022 Series B-1 Loan;

(f) no changes will be made to the Project, no actions will be taken by the Borrower, and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the interest on the 2022 Series B-1 Bonds;

(g) if the Borrower becomes aware of any circumstance, event or condition which would result in the interest payable on the 2022 Series B-1 Bonds becoming includable in gross income of the Bondowner for federal income tax purposes, the Borrower will promptly give written notice of such circumstance, event or condition to the Issuer, the Trustee and the Bondowner Representative;

(h) the full amount of each disbursement from the Loans will be applied to pay or to reimburse the Borrower for the payment of Project Costs and, after taking into account any proposed disbursement, (i) at least 97% of the net proceeds (as defined in Section 150 of the Code) of the 2022 Series B-1 Bonds will be used to pay Qualified Project Costs to provide a qualified residential rental project (as defined in Section 142(d) of the Code), (ii) less than 25% of the net proceeds of the 2022 Series B-1 Bonds will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring land, (iii) not more than 2% of the proceeds of the 2022 Series B-1 Bonds will have been used for Costs of Issuance, and (iv) none of the proceeds of the 2022 Series B-1 Bonds (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

(i) the Borrower will cause all of the residential units (except for two managers units) in the Project to be rented or available for rental on a basis which satisfies applicable requirements of the Act, the Code and the Regulatory Agreement;

(j) all leases for the Project will comply with all applicable laws and, as applicable, for units rented to low and very-low-income tenants, as provided in the Regulatory Agreement;

(k) in connection with any lease or grant by the Borrower of the use of the Project, the Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Loan Agreement or the Regulatory Agreement; and

(l) no portion of the proceeds of the 2022 Series B-1 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, and no portion of the proceeds of the 2022 Series B-1 Loan shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) 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.

ARTICLE 6

DEFAULT AND REMEDIES

Section 6.01. Events of Default. Any of the following, without limitation, shall constitute an “Event of Default” (and the term “Default” shall mean any of the following, whether or not any requirement for notice or lapse of time has been satisfied); provided, that any of the Borrower’s partners, including the Investor Limited Partner, may, but are not obligated to, cure a Default and such cure shall be accepted by the Bondowner Representative, the Issuer and the Trustee as if made by the Borrower:

(a) Any representation or warranty made by the Borrower to or for the benefit of the Bondowner Representative, the Issuer or the Trustee herein or elsewhere in connection with the Loans, including but not limited to any representation in connection with the security therefor, shall prove to have been incorrect or misleading in any material respect when made (or becomes incorrect or misleading in any material respect thereafter); or

(b) The Borrower shall fail to pay any sum when due under this Loan Agreement, the Deed of Trust, the Notes or any other Loan Document which is not cured within the time provided for cure under Section 6.1 of the Disbursement Agreement, provided that the use of any reserve held hereunder, under the Indenture or the Disbursement Agreement to pay any such amount shall not be an Event of Default hereunder; or

(c) Other than a failure described in (b) above, the Borrower or any other party thereto (other than the Issuer, the Trustee or the Bondowner Representative) shall fail to perform its obligations under any other covenant or agreement contained in this Loan Agreement, the Deed of Trust, the Notes or any other Loan Document, which is not cured within any notice and cure period set forth in the other applicable document.

Section 6.02. Remedies.

(a) Withholding of Disbursements. After the occurrence and during the continuance of an Event of Default, the Bondowner Representative’s obligation to advance the purchase price of the Bonds or to approve Draw Requests or to otherwise disburse funds under the Loan Documents will automatically terminate, and the Bondowner Representative in its sole discretion may withhold any one or more Disbursements. The Bondowner Representative may also withhold any one or more Disbursements after the occurrence and during the continuance of a Default unless and until the Borrower cures such Default prior to the occurrence of an Event of Default. No Disbursement by the Bondowner Representative will constitute a waiver of any Default unless the Bondowner Representative agrees otherwise in writing in each instance.

(b) Acceleration. After the occurrence and during the continuance of an Event of Default, all of the Borrower's obligations under the Loan Documents will become immediately due and payable at the option of the Bondowner Representative and in the Bondowner Representative's sole discretion without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind to the Borrower. The Bondowner Representative shall give written notice of any such action to the Issuer.

(c) Pledged Accounts, Etc. After the occurrence and during the continuance of an Event of Default, the Bondowner Representative in its sole discretion, may apply the funds in the Pledged Accounts, and any other cash or cash equivalents of the Borrower or Guarantor held by or subject to the control of the Bondowner Representative (including but not limited to funds drawn under any letter of credit provided to the Bondowner Representative in connection with the Loans and funds in the Construction Fund), or any portion thereof to payment of the Borrower's obligations under the Loan Documents; provided, however, that such application of funds will not cure or be deemed to cure any Event of Default. Nothing in this Loan Agreement will obligate the Bondowner Representative to apply all or any portion of any such funds on account of any Event of Default or to repayment of such obligations. The Borrower further agrees, and expressly acknowledges the reliance of the Bondowner Representative hereon, that any and all application of the funds in any Pledged Account or the Construction Fund to or upon any of such obligations will be, and will be irrevocably deemed to be, a realization upon and foreclosure of the security interests and liens granted the Bondowner Representative in such funds and will not be, or be deemed to be, the exercise of a right of set-off.

(d) Continuation of Construction, Etc. After the occurrence and during the continuance of any Event of Default, the Bondowner Representative will have the right, in its sole discretion and the Trustee may, upon receipt of written direction of the Bondowner Representative, to enter and take possession of the Property, whether in person, by agent or by court-appointed receiver, and to take any and all actions that the Bondowner Representative in its sole discretion may consider necessary or appropriate to preserve and protect the Property or to complete the rehabilitation of the Project, including making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, all subject to the Bondowner Representative's right at any time to discontinue any work without liability. In addition, with or without taking possession of the Property, the Bondowner Representative will have the right but not the obligation to cure any and all defaults by the Borrower under any of the Other Requirements (as defined in the Disbursement Agreement), the Project contracts or other contracts relating to the Property. If the Bondowner Representative or the Trustee chooses to complete the rehabilitation of the Improvements or to cure any of such defaults, the Bondowner Representative or the Trustee will not assume any liability to the Borrower or any other person or entity for completing the construction of the Project, or for the manner or quality of their construction, or for curing any such defaults, and the Borrower expressly waives any such liability. If the Bondowner Representative or the Trustee exercises any of the rights or remedies provided in this subsection, that exercise will not make the Bondowner Representative or the Trustee, or cause the Bondowner Representative or the Trustee to be deemed to be, a partner or joint venturer of the Borrower or a mortgagee in

possession. The Bondowner Representative in its sole discretion, or the Trustee at the written direction of the Bondowner Representative, may choose to complete rehabilitation of the Improvements in its own name. All sums expended by the Bondowner Representative or the Trustee in completing rehabilitation of the Improvements or curing the Borrower's defaults will be considered to have been an additional Disbursement to the Borrower bearing interest at the Default Rate and will be secured by the Loan Documents. For these purposes the Bondowner Representative, in its sole discretion, may reallocate any line item or cost category of the budget contained in the Disbursement Agreement, and may make use of any available sources of funds of the Borrower.

(e) Other Remedies; Cumulative Remedies. After the occurrence of an Event of Default, the Bondowner Representative may exercise, or direct the Trustee in writing to exercise, any and all other rights and remedies available to it under any of the Loan Documents or under applicable law. All rights and remedies available to the Bondowner Representative will be cumulative and not exclusive.

(f) Delegation of Enforcement Rights. [subject to modification pending review of loan documentation] [The Issuer hereby delegates to the Bondowner Representative the exercise of all the rights and remedies exercisable by either the Issuer or the Trustee under the Loan Documents (except for the Reserved Rights), including, without limitation, approval rights under the Loan Documents and all rights and remedies under the Loan Documents arising from a Default or Event of Default, including those rights and remedies set forth Sections 3.6, 3.9, 3.12 and 3.13 of the Deed of Trust, and as otherwise provided in the Notes.]

Section 6.03. Waiver of the Right of Setoff. The Borrower will make all payments provided for under the terms of this Loan Agreement, the Notes and the other Loan Documents without offset or deduction.

ARTICLE 7

PLEGDED ACCOUNTS; RESERVE ACCOUNTS

Section 7.01. Pledged Accounts. The Borrower hereby confirms that under the Disbursement Agreement it has pledged and assigned to the Bondowner Representative and granted to the Bondowner Representative a security interest in and lien upon each of the Pledged Accounts and all funds from time to time on deposit therein to secure all of the Borrower's obligations under the Notes, this Loan Agreement and the other Loan Documents. All income taxes payable with respect to income on each Pledged Account, if any, will be paid by the Borrower. The tax identification number associated with each Pledged Account will be that of the Borrower. If required by the Bondowner Representative, the Borrower shall execute the Bondowner Representative's form of Assignment of Deposit Account with respect to each of the Pledged Accounts.

Section 7.02. Non-Pledged Accounts. If the Borrower, as a matter of convenience, deposits or causes to be deposited with the Bondowner Representative the operating and reserve accounts for the Project, or any of them that do not constitute Pledged Accounts, the Bondowner

Representative will not have a security interest in any such account unless such a security interest is created by a writing that specifically grants to the Bondowner Representative a security interest in the account in question as security for the repayment of the Loans. Nothing herein constitutes a waiver by the Bondowner Representative of any right of setoff against any such account.

ARTICLE 8

MISCELLANEOUS

Section 8.01. No Waiver; Consents. Each consent or waiver by the Bondowner Representative of any of its rights or remedies under this Loan Agreement or the other Loan Documents must be in writing and executed by the Bondowner Representative, and no waiver will be construed as a continuing waiver. No waiver will be implied from the Bondowner Representative's delay in exercising or failure to exercise any right or remedy against the Borrower or any security. Consent by the Bondowner Representative to any act or omission by the Borrower will not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for the Bondowner Representative's consent to be obtained in any future or other instance.

Section 8.02. Singular and Plural. As used in this Loan Agreement and the other Loan Documents, singular terms include the plural and vice versa as the context may require.

Section 8.03. No Third Parties Benefited. This Loan Agreement is made and entered into for the sole protection and benefit of the Issuer in its said capacity, the Bondowner Representative, the Borrower, and their permitted successors and assigns, and the Bondowner. No trust fund is created by this Loan Agreement and no other persons or entities will have any right of action under this Loan Agreement or any right to the proceeds of the Loans.

Section 8.04. Notices. All notices given under this Loan Agreement shall be given as provided in Section 11.06 of the Indenture with respect to the giving of notices thereunder.

Section 8.05. Authority to File Notices. The Borrower irrevocably appoints the Bondowner Representative as its attorney-in-fact, with full power of substitution, to file for record, at the Borrower's cost and expense and in the Borrower's name, any notices of commencement or completion, notices of cessation of labor, or any other notices that the Bondowner Representative in its sole discretion may consider necessary or desirable to protect the security for the Loans, if the Borrower fails to do so.

Section 8.06. Actions. The Issuer, the Trustee and the Bondowner Representative will have the right, but not the obligation, to commence, appear in, and defend any action or proceeding that might affect its security or its rights, duties or liabilities relating to the Loans, the Property or any of the Loan Documents. The Borrower will pay promptly on demand all of the Issuer's, the Trustee's and the Bondowner Representative's reasonable out-of-pocket costs, expenses, and attorneys' fees and all expenses of the Issuer's and the Bondowner Representative's respective counsel incurred in those actions or proceedings.

Section 8.07. Legal and Other Expenses. The Borrower will reimburse the Issuer, the Trustee and the Bondowner Representative within five days after written demand for all costs and

expenses reasonably incurred by the Issuer, the Trustee, the Bondowner Representative or any of them in connection with the administration, interpretation, enforcement or performance of the Loan Documents or the Indenture. Without limiting the generality of the foregoing in the event of any Default, or in the event that any dispute arises relating to the interpretation, enforcement or performance of any of the Loan Documents or the Indenture, the Issuer, the Trustee and the Bondowner Representative will be entitled to collect from the Borrower on demand all reasonable fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators and court reporters. Without limiting the generality of the foregoing, the Borrower will pay all such reasonable costs and expenses incurred in connection with: (a) arbitration or other alternative dispute resolution proceedings, trial court actions and appeals; (b) bankruptcy or other insolvency proceedings of the Borrower or other party liable for any of the obligations of the Borrower under this Loan Agreement or the other Loan Documents or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any of the Property; (d) post-judgment collection proceedings; (e) all claims, counterclaims, cross-claims and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Loan Agreement; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing. Whenever the Borrower is obligated to pay or reimburse the Issuer, the Trustee or the Bondowner Representative for any attorneys' fees, those fees will include the allocated costs, as determined by the Issuer, the Trustee or the Bondowner Representative, as the case may be, for services of in-house counsel.

Section 8.08. Force Majeure. If the rehabilitation of the Improvements is directly affected and delayed by fire, earthquake or other acts of God, inclement weather that could not reasonably be anticipated by the Borrower, strike, lockout, acts of public enemy, riot, insurrection, terrorism, or governmental regulation of the sale or transportation of materials, supplies or labor, the Borrower must notify the Bondowner Representative in writing within 10 Business Days after the event occurs that causes the delay.

Section 8.09. Integration and Amendments; Conflicts. The Loan Documents (a) integrate all the terms and conditions mentioned in or incidental to this Loan Agreement, (b) supersede all oral negotiations and prior writings with respect to their subject matter including, but not limited to, any loan commitment by the Bondowner, and (c) are intended by the parties as the final expression of the entire agreement with respect to the Loans and as the complete and exclusive statement of the terms and conditions agreed to by the parties. No representation, understanding, promise or condition will be enforceable against any party unless it is contained in the Loan Documents. If there is any conflict between the terms, conditions and provisions of this Loan Agreement and those of any other agreement or instrument, including any other Loan Document (other than the Regulatory Agreement), the terms, conditions and provisions of this Loan Agreement will control. This Loan Agreement may not be modified or amended except by a written agreement signed by the parties hereto.

Section 8.10. Binding Effect; Successors and Assigns; Disclosure. This Loan Agreement will become effective only when it has been executed by the Issuer, the Borrower and the Bondowner Representative and thereafter will be binding upon and inure to the benefit of the Issuer, the Borrower and the Bondowner Representative and their respective successors and assigns, except that the Borrower will not have the right to assign its rights hereunder or any

interest herein without the prior written consent of the Issuer and the Bondowner Representative, which may be granted or withheld in the Issuer's and the Bondowner Representative's respective sole discretion and otherwise subject to any applicable provisions of Section 12 of the Regulatory Agreement. The Bondowner Representative may sell, assign or grant participations in all or any part of its rights and obligations under this Loan Agreement and the other Loan Documents, but only in accordance with the terms of Section 2.05 of the Indenture. The Bondowner Representative may disclose information about the Loans, the Borrower, Guarantor, the Property and other relevant matters to the Bondowner Representative's Affiliates, potential purchasers of, assignees of, and participants in, the Loans, and to derivative counterparties and rating agencies.

Section 8.11. Relationship of Parties; No Fiduciary Duty. The Borrower acknowledges that neither the Issuer nor the Bondowner Representative has any fiduciary relationship with, or fiduciary duty to, the Borrower or any other person or entity arising out of or in connection with this Loan Agreement, the Indenture or any of the other Loan Documents. None of this Loan Agreement, the Indenture or the other Loan Documents create a joint venture among the parties hereto.

Section 8.12. Limitation on the Issuer's Liability. The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds, except from Revenues. Any obligation or liability of the Issuer created by or arising out of this Loan Agreement or any of the other Loan Documents (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 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 payment of the Bonds. Nothing in the Bonds, this Loan Agreement or any of the other Loan Documents 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. 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.

THE BONDS ARE LIMITED, SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE PRINCIPAL, INTEREST OR PREMIUM, IF ANY, ON THE BONDS OR TO SATISFY ANY OTHER MONETARY OBLIGATIONS OF THE ISSUER UNDER THE INDENTURE OR THE LOAN DOCUMENTS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT. THE REPAYMENT OF THE BONDS IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THE BONDS CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

No recourse under or upon any obligation, covenant, warranty or agreement contained in the Indenture, this Loan Agreement, any of the other Loan Documents or in the Bonds, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of the Indenture, this Loan Agreement or any of the other Loan Documents, shall be had against the commissioners, officers, attorneys, accountants, employees, agents and consultants of the Issuer, as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bonds, or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the commissioners, officers, attorneys, accountants, employees, agents and consultants, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owners of the Bonds or otherwise of any sum that may remain due and unpaid upon the Bonds secured by the Indenture or any of them is, by the acceptance of the Bonds, expressly waived and released as a condition of and in consideration for the execution of the Indenture and this Loan Agreement and the issuance of the Bonds.

Anything in this Loan Agreement to the contrary notwithstanding, it is expressly understood by the parties to this Loan Agreement that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Borrower, the Bondowner Representative or the Bondowner as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under the Indenture, this Loan Agreement or any of the other Loan Documents to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee, the Bondowner Representative or by any Bondowner, and (c) none of the provisions of the Indenture, this Loan Agreement, the Regulatory Agreement or any other Loan Document shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Indenture, this Loan Agreement, the Regulatory Agreement or any other Loan Document unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. It is recognized that notwithstanding any other provision of this Loan Agreement, neither the Borrower nor the Bondowner shall look to the Issuer or any of its commissioners, officers, attorneys, accountants, employees, agents and consultants for damages suffered by the Borrower or the Bondowner as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Loan Agreement, the Bonds, the Regulatory Agreement, any of the other Loan Documents or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason except for representations made by the Issuer in any certificate of the Issuer and the opinion of counsel to the Issuer delivered on the Closing Date.

No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bonds or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bonds shall be had against the commissioners, officers, attorneys, accountants, employees, agents and consultants of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration

for the execution by the Issuer of the Indenture and this Loan Agreement and the issuance of the Bonds. No covenant, stipulation, obligation or agreement of the Issuer contained in the Indenture, this Loan Agreement, the Regulatory Agreement or any other Loan Document shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future commissioner, officer, attorney, accountant, employee, agent and consultant of the Issuer in other than that person's official capacity. No commissioner, officer, attorney, accountant, employee, agent or consultant of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 8.13. Waiver Of Jury Trial; Judicial Reference; Waiver of Special Damages.

EACH OF THE BORROWER, THE ISSUER AND THE BONDOWNER REPRESENTATIVE (FOR ITSELF AND ITS SUCCESSORS, ASSIGNS AND PARTICIPANTS) HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER BY THE BORROWER, THE ISSUER AND THE BONDOWNER REPRESENTATIVE, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

The Borrower, the Issuer and the Bondowner Representative agree that, in the event any legal proceeding is filed in a court of the State (the "Court") by or against any party hereto in connection with any controversy, dispute or claim directly or indirectly arising out of or relating to this Agreement or the transactions contemplated hereby (whether based on contract, tort or any other theory) (each, a "Claim") and the waiver set forth in the preceding paragraph is not enforceable in such action or proceeding, then the parties shall proceed as set forth below.

With the exception of the matters specified below, any Claim will be determined by a general reference proceeding in accordance with the provisions of California Code of Civil Procedure Sections 638 through 645.1. The parties intend this general reference agreement to be specifically enforceable in accordance with California Code of Civil Procedure Section 638. Except as otherwise provided in the Indenture or in the Loan Documents, venue for the reference proceeding will be in the state or federal court in the county or district where venue is otherwise appropriate under applicable law.

The following matters shall not be subject to a general reference proceeding: (a) non judicial foreclosure of any security interests in real or personal property, (b) exercise of self-help remedies (including, without limitation, set off), (c) appointment of a receiver, and (d) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This Agreement does not

limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (a) (d) and any such exercise or opposition does not waive the right of any party to a reference proceeding pursuant to this Agreement.

Upon the written request of the Borrower, the Issuer or the Bondowner Representative, the Borrower, the Issuer and the Bondowner Representative (and, if the Trustee is a party to such proceedings, the Trustee) shall select a single referee, who shall be a retired judge or justice. If the parties do not agree upon a referee within ten days of such written request, then, any party may request the court to appoint a referee pursuant to California Code of Civil Procedure Section 640(b).

All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except when any party so requests, a court reporter will be used and the referee will be provided a courtesy copy of the transcript. The party making such request shall have the obligation to arrange for and pay costs of the court reporter, provided that such costs, along with the referee's fees, shall ultimately be borne by the party who does not prevail, as determined by the referee; provided, however, that if the Trustee is a party to such proceeding and it is not the prevailing party, such legal fees and costs shall be recoverable only to the extent that the Trustee is allowed to pay such fees and costs from accounts it is holding pursuant to the Indenture, or other amounts available to it pursuant to the Indenture (except to the extent that such Claim has arisen from the Trustee's negligence or willful misconduct).

The referee may require one or more prehearing conferences. The Borrower, the Issuer and the Bondowner Representative shall be entitled to discovery, and the referee shall oversee discovery in accordance with the rules of discovery, and may enforce all discovery orders in the same manner as any trial court judge in proceedings at law in the State. The referee shall apply the rules of evidence applicable to proceedings at law in the State and shall determine all issues in accordance with applicable state and federal law. The referee shall be empowered to enter equitable as well as legal relief and rule on any motion which would be authorized in a trial, including, without limitation, motions for default judgment or summary judgment. The referee shall report his decision, which report shall also include findings of fact and conclusions of law.

The Borrower, the Issuer and the Bondowner Representative recognize and agree that all claims resolved in a general reference proceeding pursuant hereto will be decided by a referee and not by a jury.

In the event of any inconsistency between the provisions of this article and any other provision of the other Loan Documents, this Article will control.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER SHALL NOT ASSERT, AND HEREBY WAIVES, ANY CLAIM AGAINST THE BONDOWNER REPRESENTATIVE, THE ISSUER OR EITHER OF THEM ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE TRANSACTIONS, THE LOANS OR THE USE OF THE PROCEEDS THEREOF.

Section 8.14. Counterparts. This Loan Agreement may be executed in counterparts, each of which will be an original, and all of which together will constitute but one and the same instrument

Section 8.15. Captions. All captions or headings to sections, subsections and other divisions of this Loan Agreement and the addenda and exhibits to this Loan Agreement are only for the convenience of the parties and will not be construed to have any effect or meaning with respect to the other content thereof.

Section 8.16. Incorporation. The recitals, exhibits and addenda of and to this Loan Agreement are incorporated herein and all provisions thereof will be deemed to be binding provisions of this Loan Agreement.

Section 8.17. Applicable Law. This Loan Agreement will be governed by the law of the State, without regard to any provisions or principles thereof relating to choice of law or conflict-of-laws, except as may be preempted by federal law.

Section 8.18. Time of Essence. Time is of the essence in the performance of this Loan Agreement and each and every term hereof.

Section 8.19. Term of Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect (a) so long as any Bonds are Outstanding; and/or (b) so long as the Trustee holds any moneys under the Indenture other than upon or after a defeasance pursuant to the Indenture. All representations, warranties and certifications by the Borrower set forth herein and all provisions relating to the payment of any amounts due hereunder to the Trustee and the Issuer shall survive any termination, payment, or satisfaction of the indebtedness and the termination of this Loan Agreement, and any foreclosure or any other transfer of any kind of the Project.

ISSUER:

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO, as Issuer

By: _____

Name:

Title:

[Issuer Signature page for ShoreLINE Loan Agreement]

S-1

BORROWER:

GRANTVILLE TROLLEY FAMILY HOUSING, L.P.,
a California limited partnership

By: AHG Grantville, LLC,
a California limited liability company,
its Administrative General Partner

By: Affirmed Housing Group, Inc.,
a Delaware corporation,
its Manager

By: _____
James Silverwood
President

By: CFAH Housing, LLC,
a California limited liability company,
its Managing General Partner

By: Compass for Affordable Housing,
a California nonprofit public benefit corporation,
its Manager

By: _____
Katelyn Silverwood, Executive Director

[Borrower Signature page for ShoreLINE Loan Agreement]

Acknowledged and agreed to:

BONDOWNER REPRESENTATIVE:

ZIONS BANCORPORATION, N.A. DBA
CALIFORNIA BANK & TRUST,
a California banking corporation

By: _____

Name:

Title:

[Bondowner Representative Signature page for ShoreLINE Loan Agreement]

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situated in the City of San Diego, County of San Diego, State of California, described as follows:

[TO COME]

Exhibit A

EXHIBIT B
[FORM OF NOTE]

Exhibit B

RECORDING REQUESTED BY:
Grantville Trolley Family Housing, L.P.,
a California limited partnership

WHEN RECORDED RETURN TO:
Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, CA 94105-2669
Attention: Justin S. Cooper

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

By and Among

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,

U.S. BANK NATIONAL ASSOCIATION,
as Trustee,

and

GRANTVILLE TROLLEY FAMILY HOUSING, L.P.,
a California limited partnership

Dated as of [January 1, 2022]

Relating to

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

[\$[AGGREGATE PAR]
MULTIFAMILY HOUSING REVENUE BONDS
(SHORELINE)
2022 Series B-1 AND 2022 Series B-2 (TAXABLE)

TABLE OF CONTENTS

	Page
SECTION 1. DEFINITIONS AND INTERPRETATION.....	2
SECTION 2. REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE OWNER.	6
SECTION 3. QUALIFIED RESIDENTIAL RENTAL PROJECT	6
SECTION 4. LOW INCOME TENANTS AND VERY LOW INCOME TENANTS; REPORTING REQUIREMENTS.....	7
SECTION 5. TAX-EXEMPT STATUS OF 2022 SERIES B-1 BONDS	9
SECTION 6. REQUIREMENTS OF THE HOUSING LAW	10
SECTION 7. REQUIREMENTS OF THE ISSUER.....	11
SECTION 8. MODIFICATION OF COVENANTS	12
SECTION 9. INDEMNIFICATION; OTHER PAYMENTS	13
SECTION 10. CONSIDERATION.....	14
SECTION 11. RELIANCE	14
SECTION 12. TRANSFER OF THE PROJECT.....	15
SECTION 13. TERM.....	16
SECTION 14. COVENANTS TO RUN WITH THE LAND.....	17
SECTION 15. BURDEN AND BENEFIT.....	17
SECTION 16. UNIFORMITY; COMMON PLAN	17
SECTION 17. DEFAULT; ENFORCEMENT	17
SECTION 18. THE TRUSTEE.....	ERROR! BOOKMARK NOT DEFINED.
SECTION 19. RECORDING AND FILING.....	20
SECTION 20. PAYMENT OF FEES	20
SECTION 21. GOVERNING LAW	21
SECTION 22. AMENDMENTS; WAIVERS.....	22
SECTION 23. NOTICES	22
SECTION 24. SEVERABILITY	23
SECTION 25. MULTIPLE COUNTERPARTS	23
SECTION 26. LIMITATION ON LIABILITY	23
SECTION 27. PROPERTY MANAGEMENT	24
SECTION 28. THIRD-PARTY BENEFICIARY	24

TABLE OF CONTENTS
(continued)

	Page
SECTION 29. REQUIREMENTS OF CDLAC.....	24
SECTION 30. ANNUAL REPORTING COVENANT.....	26
EXHIBIT A DESCRIPTION OF REAL PROPERTY	A-1
EXHIBIT B FORM OF INCOME CERTIFICATION.....	B-1
EXHIBIT C FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE	C-1
EXHIBIT D CDLAC RESOLUTION	D-1

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this “Regulatory Agreement”) is made and entered into as of [January 1, 2022], 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”), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”), and Grantville Trolley Family Housing, L.P., a California limited partnership, duly organized, validly existing and in good standing under the laws of the State of California (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “Owner”).

W I T N E S S E T H:

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (as amended, the “Housing Law”), and the hereinafter defined Indenture, the Issuer has agreed to execute and deliver its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-1 in the original aggregate face amount (maximum principal amount) of \$[31,483,880] (the “2022 Series B-1 Bonds”) and Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-2 (Taxable) (the “Taxable Bonds”) in the original aggregate face amount (maximum principal amount) of \$[D-2 PAR] (collectively, the “Bonds”);

WHEREAS, the Bonds will be issued pursuant to an Indenture of Trust, dated as of [January 1, 2022] (as amended from time to time, the “Indenture”), between the Issuer and the Trustee;

WHEREAS, pursuant to a Loan Agreement, dated as of [January 1, 2022], between the Issuer and the Borrower (the “Loan Agreement”), the proceeds of the Bonds will be used to fund loans (together, the “Loans”) to the Owner to finance the acquisition, construction and development of a 126-unit (including two manager’s units) multifamily rental housing development to be known as “ShoreLINE” located on the real property site described in Exhibit A hereto subject to the Ground Lease (as more particularly described herein, the “Project”);

WHEREAS, to assure the Issuer and the owners of the 2022 Series B-1 Bonds that interest on the 2022 Series B-1 Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), and to satisfy the public purposes for which the Bonds are authorized to be issued under the Housing Law, and to satisfy the purposes of the Issuer in determining to issue the Bonds, certain limits on the occupancy of units in the Project need to be established and certain other requirements need to be met;

NOW, THEREFORE, in consideration of the issuance of the Bonds by the Issuer and the mutual covenants and undertakings set forth herein, and other good and valuable

consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer, the Trustee and the Owner hereby agree as follows:

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the first paragraph hereof and the recitals hereto, in this Section 1, or in the Indenture.

“Administrator” means the Issuer or any administrator or program monitor appointed by the Issuer to administer this Regulatory Agreement, and any successor administrator appointed by the Issuer.

“Area” means the Metropolitan Statistical Area or County, as applicable, in which the Project is located as defined by the United States Department of Housing and Urban Development.

“Available Units” means residential units in the Project that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is acquired or (ii) the issue date of the Bonds is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

“CDLAC” means the California Debt Limit Allocation Committee or its successors.

“CDLAC Conditions” has the meaning given such term in Section 29.

“CDLAC Resolution” means CDLAC Resolution No. 21-167 attached hereto as Exhibit D, adopted on August 11, 2021 and relating to the Project, as such resolution may be modified or amended from time to time.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Owner with the Administrator, on behalf of the Issuer, and the Trustee pursuant to Section 4(f) hereof, which shall be substantially in the form attached as Exhibit C hereto or in such other comparable form as may be provided by the Issuer to the Owner, or as otherwise approved by the Issuer.

“City” means the City of San Diego, California.

“Closing Date” means the date the Bonds are originally issued, executed and delivered, expected to be on or about [Closing Date].

“Compliance Period” means the period beginning on the first day of the Qualified Project Period and ending on the later of the end of the Qualified Project Period or such later date as set forth in Section 29(c) of this Regulatory Agreement.

“Conversion Date” means [to come].

“County” means the County of San Diego, California.

“Deed of Trust” means the “Deed of Trust” as defined in the Indenture, as the same may be modified, amended or supplemented from time to time, or any deed of trust (or similar security instrument) containing a power of sale clause reflecting a valid, perfected first-priority lien on the leasehold interest in the Project delivered by the Owner to secure the Owner’s obligations to a third-party lender.

“Gross Income” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed in under Section 8 of the Housing Act.

“Ground Lease” means that certain Ground Lease, dated as of [_____, 20__], between Ground Lessor, as lessor, and the Owner, as lessee, pursuant to which the Owner holds a leasehold estate in the real property site described in Exhibit A hereto.

“Ground Lessor” means the San Diego Metropolitan Transit Development Board, also known as the Metropolitan Transit System, a California public agency, as owner of the fee estate in the real property site described in Exhibit A hereto.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Housing Law” means Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended.

“Income Certification” means a Tenant Income Certification and a Tenant Income Certification Questionnaire in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer to the Owner, or as otherwise approved by the Issuer.

“Investor Limited Partner” means the investor limited partner of the Owner, or any other successor entity in such entity’s capacity as a limited partner of the Owner.

“Lender” means during any period in which any Bonds are outstanding, the “Bondowner” under and as such term is defined in the Indenture. If at any time no Bonds remain outstanding and the Indenture has been discharged, then there is no Lender and references herein to the Lender are void and inapplicable and shall be disregarded.

“Loan” shall have the meaning given in the recitals hereto.

“Loan Agreement” means that certain Loan Agreement, dated as of [January 1, 2022], by and between the Issuer and the Owner in respect of the Loan to the Owner from proceeds of the Bonds, as the same may be amended and supplemented from time to time.

“Low Income Tenant” means a tenant occupying a Low Income Unit.

“Low Income Unit” means any Available Unit if the aggregate Gross Income of all tenants therein does not exceed limits determined in a manner consistent with determinations of “low-income families” under Section 8 of the Housing Act, provided that the percentage of median gross income that qualifies as low income hereunder shall be sixty percent (60%) of median gross income for the Area, with adjustments for family size. A unit occupied by one or more students shall only constitute a Low Income Unit if such students meet the requirements of Section 142(d)(2)(C) of the Code. The determination of an Available Unit’s status as a Low Income Unit shall be made by the Owner upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

“Manager” means a property manager meeting the requirements of Section 27 hereof. [ConAm Management Corporation], a California corporation, is hereby approved as the initial Manager.

“Project” means the 126-unit multifamily rental housing development (including two manager’s units) to be located at 4470 Alvarado Canyon Road, in the City of San Diego, San Diego County, on the real property site described in Exhibit A hereto, subject to the Ground Lease, consisting of those facilities, including real property, structures, buildings, fixtures or equipment situated thereon, as it may at any time exist, the acquisition, construction and development of which facilities are to be financed, in whole or in part, from the proceeds of the sale of the Bonds or the proceeds of any payment by the Owner pursuant to the Loan Agreement, 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 the facilities described in the Loan Agreement, excluding any commercial space.

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the units in the Project are first occupied and ending on the later of the following:

(A) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;

(B) the first date on which no Tax-Exempt private activity bonds with respect to the Project are Outstanding; or

(C) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Regulatory Agreement” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

“Rental Payments” means the rental payments paid by the occupant of a unit, excluding any supplemental rental assistance to the occupant from the State, the federal government, or any other public agency, but including any mandatory fees or charges imposed on the occupant by the Owner as a condition of occupancy of the unit.

“Tax Certificate” means the Tax Certificate and Agreement in respect of the 2022 Series B-1 Bonds, dated the Closing Date, executed by the Issuer and the Owner, as the same may be amended from time to time.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the 2022 Series B-1 Bonds, that such interest is excluded from gross income for federal income tax purposes; 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 or environmental tax, under the Code.

“Transfer” means the conveyance, assignment, sale or other disposition of all or any portion of the Project; and shall also include, without limitation to the foregoing, the following: (1) an installment sales agreement wherein Owner agrees to sell the Project or any part thereof for a price to be paid in installments; and (2) an agreement by the Owner leasing all or a substantial part of the Project to one or more persons or entities pursuant to a single or related transactions.

“Trustee” means U.S. Bank National Association, or any successor trustee appointed and acting under the Indenture.

“2022 Series B-1 Bonds” shall have the meaning given in the recitals hereto.

“2022 Series B-2 Bonds” shall have the meaning given in the recitals hereto.

“Very Low Income Tenant” means a tenant occupying a Very Low Income Unit.

“Very Low Income Unit” means any Available Unit if the aggregate Gross Income of all tenants therein does not exceed limits determined in a manner consistent with determinations of “very low-income families” under Section 8 of the Housing Act, provided that the percentage of median gross income that qualifies as very low income hereunder shall be fifty percent (50%) of median gross income for the Area, with adjustments for family size. A unit occupied by one or more students shall only constitute a Very Low Income Unit if such students meet the requirements of Section 142(d)(2)(C) of the Code. The determination of an Available Unit’s status as a Very Low Income Unit shall be made by the Owner upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of any 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 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.

Section 2. Representations, Covenants and Warranties of the Owner.

(a) 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 the Loan Agreement relating to the Project.

(b) The Owner hereby represents and warrants that the Project is located entirely within the City.

(c) 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 acquiring, constructing and developing the Project.

Section 3. Qualified Residential Rental Project. The Owner hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Compliance Period. To that end, and for the term of this Regulatory Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be acquired, constructed, developed and operated for the purpose of providing multifamily residential rental property. The Owner will 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 Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Housing Law, 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 (except for not more than two units set aside for a resident manager or other administrative use) will be similarly constructed units, and each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or rented for a period of less than 30 consecutive days, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park; provided that the use of certain units for tenant guests on an intermittent basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Project will at any time during the Compliance Period be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or use, and the Owner will not take any steps in connection with a conversion of the Project to condominium ownership during the Compliance Period (except that the Owner may obtain final map approval and the Final Subdivision Public Report from the California Department of Real Estate and may file a condominium plan with the City).

(e) All of the Available Units in the Project (except for not more than two units set aside for a resident manager or other administrative use) will be available for rental during the period beginning on the date hereof and ending on the termination of the Compliance Period on a continuous, "first-come, first-served" basis to members of the general public, and the Owner will not give preference to any particular class or group in renting the dwelling units in the Project, except as permitted by applicable law, including Section 1.103-8(a)(2) of the Regulations, and to the extent that dwelling units are required to be leased or rented in such a manner that they constitute Low Income Units or Very Low Income Units.

(f) The Project consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Owner; provided, however, that if the Project contains five or more dwelling units, this provision shall not be construed to prohibit occupancy of not more than two dwelling units by a resident manager or maintenance personnel, any of whom may be the Owner.

(h) The Owner shall deliver to the Administrator and the Lender, (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.

Section 4. Low Income Tenants and Very Low Income Tenants; Reporting Requirements. Pursuant to the requirements of the Code and the Housing Law, the Owner hereby represents, warrants and covenants as follows:

(a) During the Compliance Period, no less than 30% of the total number of completed units in the Project shall at all times be Low Income Units and no less than 10% of the total number of completed units in the Project shall at all times be Very Low Income Units. For the purposes of this paragraph (a), a vacant unit that was most recently a Low Income Unit or Very

Low Income Unit is treated as a Low Income Unit or Very Low Income Unit, respectively, until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Low Income Tenant or Very Low Income Tenant upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, the aggregate Gross Income of all tenants in the unit occupied by such Low Income Tenant or Very Low Income Tenant, respectively, increases to exceed the qualifying limit for a Low Income Unit or Very Low Income Unit, respectively. However, should the aggregate Gross Income of tenants in a Low Income Unit or Very Low Income Unit as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Unit or Very Low Income Unit, respectively, occupied by the same number of tenants, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) Low Income Tenant(s) or Very Low Income Tenant(s), respectively. The unit occupied by such tenants whose aggregate Gross Income exceeds such applicable income limit shall continue to be treated as a Low Income Unit or Very Low Income Unit for purposes of the 30% or 10%, respectively, requirement of Section 4(a) hereof unless and until an Available Unit of comparable or smaller size is rented to persons other than Low Income Tenants or Very Low Income Tenants, respectively.

(c) For the Compliance Period, the Owner will obtain, complete and maintain on file Income Certifications for each Low Income Tenant and Very Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant or Very Low Income Tenant, respectively, in the unit and (ii) thereafter, an annual Income Certification with respect to each Low Income Tenant or Very Low Income Tenant, respectively. The Owner will provide such additional information as may be required in the future by the Code, the State or the Issuer, 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, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. Upon request of the Administrator or the Issuer, copies of Income Certifications for Low Income Tenants and/or Very Low Income Tenants commencing or continuing occupation of a Low Income Unit or Very Low Income Unit, respectively, shall be submitted to the Administrator or the Issuer, as requested.

(d) The Owner shall make a good faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain pay stubs for the three most recent pay periods, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type of credit 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 reasonably acceptable to the Issuer.

(e) The Owner will maintain complete and accurate records pertaining to the Low Income Units and Very Low Income Units, and will permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect during normal business hours the books and records of the Owner pertaining to the Project upon reasonable written notice, including those records pertaining to the occupancy of the Low Income Units and the Very Low Income Units.

(f) The Owner will prepare and submit to the Administrator, on behalf of the Issuer, not less than annually, commencing the first anniversary of the Closing Date and each anniversary thereafter, a Certificate of Continuing Program Compliance executed by the Owner in substantially the form attached hereto as Exhibit C. During the Compliance Period, the Owner shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

(g) For the Compliance Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement and the Deed of Trust. All leases pertaining to Low Income Units or Very Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit or a Very Low Income Unit, respectively: (i) certifies the accuracy of the statements made by such tenant in the Income Certification; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Owner, the Trustee, the Issuer or the Administrator on behalf of the Issuer, and that the failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Owner has relied on the statements made by such tenant in the Income Certification and supporting information supplied by the Low Income Tenant or the Very Low Income Tenant, respectively, in determining qualification for occupancy of a Low Income Unit or the Very Low Income Unit, respectively, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) and that if upon any such certification the aggregate Gross Income of tenants in such unit exceeds the applicable income limit under Section 4(b), the unit occupied by such tenant may cease to qualify as a Low Income Unit or Very Low Income Unit, respectively, and such unit's rent may be subject to increase.

For purposes of this Section 4, no unit occupied by a residential manager shall be treated as a rental unit during the time of such occupation.

Section 5. Tax-Exempt Status of 2022 Series B-1 Bonds. The Owner and the Issuer, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Owner and the Issuer 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 Tax-Exempt nature of the interest on the 2022 Series B-1 Bonds and, if either of them 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) The Owner and the Issuer will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee (with a copy to 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.

Section 6. Requirements of the Housing Law. In addition to the other requirements set forth herein, pursuant to the requirements of Section 34312.3 of the Housing Law, the Owner agrees that it shall comply with the following:

(a) Not less than 30% of the total number of units in the Project shall be Low Income Units and not less than 10% of the total number of units in the Project shall be Very Low Income Units. The units made available to meet this requirement shall be of comparable quality and offer a range of sizes and numbers of bedrooms comparable to the units that are available to other tenants in the Project.

(b) The Rental Payments for the Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed 30% of an amount equal to 60% of the median adjusted gross income for the Area. The Rental Payments for the Very Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed 30% of an amount equal to 50% of the median adjusted gross income for the Area, based upon an assumed household size of one person/studio, two persons/one bedroom, three persons/two bedroom, four persons/three bedroom, and five persons/four bedroom, or as otherwise required by the Housing Law.

(c) The 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. The Owner 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 units reserved for occupancy as required by Section 4(a) shall remain available on a priority basis for occupancy at all times on and after the Closing Date and continuing through the Compliance Period.

(e) During the three (3) years prior to the expiration of the Compliance Period, the Owner shall continue to make available to eligible households Low Income Units and Very Low Income Units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(f) Except as set forth in Section 13 hereof, the covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(g) This Regulatory Agreement shall be recorded in the office of the County recorder, and shall be recorded in the grantor-grantee index under the name of the Owner as grantor and under the name of the Issuer as grantee.

Section 7. Requirements of the Issuer. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 through 6 hereof, the Owner hereby agrees to comply with each of the requirements of the Issuer set forth in this Section 7, as follows:

(a) For the duration of the Compliance Period, notwithstanding any retirement of the Bonds or termination of the Loan Agreement, the Owner will pay to the Issuer all of the amounts required to be paid by the Owner under the Loan Agreement and will indemnify the Issuer and the Trustee as provided in Section 9 and, with respect to the Trustee, Section 18 of this Regulatory Agreement.

(b) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained as required by the Issuer, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer upon reasonable advance notice to the Owner.

(c) The Owner acknowledges that the Issuer has appointed the Administrator to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. The Owner shall comply with any reasonable request made by the Administrator or 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 expenses of the Administrator shall be paid by the Issuer.

(d) For purposes of Section 6(b), the base rents shall be adjusted for household size appropriate for the unit, to the extent permitted by law.

(e) Following the expiration or termination of the Compliance Period, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by subsection (a) of this Section shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by subsection (b) of this Section, until the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause (as defined in the Housing Law), (3) 30 years after the date of the commencement of the Compliance Period, or (4) the Owner pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

(f) As provided by the CDLAC Resolution, throughout the Compliance Period, the Owner shall maintain at least [] units as Very Low Income Units (including two two-bedroom units and two three-bedroom units), and at least [] units as Low Income Units.

Any of the foregoing requirements of the Issuer contained in this Section 7 may be expressly waived by the Issuer, in its sole discretion, in writing, but (i) no waiver by the Issuer of any requirement of this Section 7 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 Bond Counsel that any such provision is not required by the Act and the Housing Law and may be waived without adversely affecting the exclusion from gross income of interest on the 2022 Series B-1 Bonds for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Owner receive a written opinion of Bond 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 Housing Law or any other state or federal law.

Section 8. Modification of Covenants. The Owner, the Trustee and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Housing Law, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Owner, retroactively impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project and compliance therewith is necessary to maintain the validity of, or the Tax-Exempt status of interest on the 2022 Series B-1 Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Housing Law, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Owner, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, at its sole discretion, the Trustee and the Owner, with the consent of the Lender, and only upon receipt by the Issuer and the Trustee of the written opinion of Bond Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the 2022 Series B-1 Bonds or violate the requirements of the Housing Law, and otherwise in accordance with Section 22 hereof.

(c) The Owner, the Issuer and, if applicable, the Trustee, shall execute, deliver and, if applicable, the Owner or the Issuer shall file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, 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 (it being understood that the Trustee has no duty or obligation to take such action) 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 Bond Counsel) if either the Owner or the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that

unless directed in writing by the Issuer or the Owner, the Trustee shall take no action under this subsection without first notifying the Owner or the Issuer, or both of them, as is applicable, and without first providing the Owner or the Issuer, or both of them, as is applicable, an opportunity to comply with the requirements of this Section 8. Nothing in this subsection (c) shall be construed to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the Issuer or the Owner.

Section 9. Indemnification; Other Payments. To the fullest extent permitted by law, the Owner agrees to indemnify, hold harmless and defend the Issuer, the City, the Trustee and each of its officers, governing members, directors, officials, employees, attorneys and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Indenture, the Loan Agreement, this Regulatory Agreement or the Tax Certificate and all documents related thereto, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including, as applicable, the issuance or transfer of interests in the Bonds;

(ii) any act or omission of the Owner or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, construction of, the Project or any part thereof;

(iii) any lien or charge upon payments by the Owner to the Issuer or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer in respect of any portion of the Project;

(iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

(v) the prepayment, defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering statement or disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(vii) any declaration of taxability of interest on the 2022 Series B-1 Bonds, or allegations (or regulatory inquiry) that interest on the 2022 Series B-1 Bonds is taxable, for federal tax purposes;

except to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party 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 shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Owner shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Owner if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

In addition to the foregoing, the Owner will pay upon demand all of the fees and expenses paid or incurred by the Trustee and/or the Issuer in enforcing the provisions hereof, as more fully set forth in the Loan Agreement.

The provisions of this Section 9 shall survive the final payment or defeasance of the Bonds and this Regulatory Agreement; provided, however, the provisions of this Section shall, in the case of the Trustee, survive the term of this Regulatory Agreement or the resignation or removal of the Trustee, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Trustee's tenure under the Indenture and shall, in the case of the Issuer, survive the term of this Regulatory Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

Section 10. Consideration. The Issuer has agreed to execute and deliver the Bonds to provide funds to lend to the Owner to finance the Project, all for the purpose, among others, of inducing the Owner to acquire, construct, develop 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 this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The Issuer and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons, including but not limited to the Administrator and Trustee, interested in the legality and validity of the Bonds, in the exemption from California personal income taxation of interest on the Bonds and in the Tax-Exempt status of the interest on the 2022 Series B-1 Bonds. In performing their duties and obligations hereunder, the Issuer, the Administrator, and the Trustee may rely upon statements and certificates of the Low Income Tenants 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, and the Trustee

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, or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Owner exists under this Regulatory Agreement, the Trustee shall not be required to conduct any investigation into or review of the operations or records of the Owner and may rely solely on any written notice or certificate delivered to and the Trustee by the Owner or the Issuer with respect to the occurrence of a default, and in the absence of such certificate, may assume that no default or lack of compliance exists.

Section 12. Transfer of the Project. For the Compliance Period, the Owner shall not Transfer the Project, in whole or in part, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld or delayed if the following conditions are satisfied: (A) the receipt by the Issuer of evidence acceptable to the Issuer that (1) the Owner shall not be in default hereunder or under the Loan Agreement, if in effect (which may be evidenced by a Certificate of Continuing Program Compliance), or the transferee undertakes to cure any defaults of the Owner to the reasonable satisfaction of the Issuer; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) either (a) the transferee, or its general partner or member, or its Manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (b) the transferee agrees to retain a Manager with the experience and record described in subclause (a) above, or (c) the transferring Owner or its management company will continue to manage the Project, or another management company reasonably acceptable to the Issuer will manage, for at least one year following such Transfer and, if applicable, during such period the transferring Owner or its management company will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units and the Very Low Income Units; and (4) the person or entity that is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the transferee of any document reasonably requested by the Issuer with respect to the assumption of the Owner's obligations under this Regulatory Agreement and the Loan Agreement (if then in effect), including without limitation an instrument of assumption hereof and thereof, and delivery to the Issuer, and the Trustee of an opinion of such transferee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such transferee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Issuer, and the Trustee of an opinion of Bond Counsel to the effect that any such Transfer will not adversely affect the Tax-Exempt status of interest on the 2022 Series B-1 Bonds; (D) receipt by the Issuer of all fees and/or expenses then currently due and payable to the Issuer by the Owner and (E) receipt by the Issuer of evidence of satisfaction of compliance with the provisions of Section 29(d)(i) related to notice to CDLAC of transfer of the Project.

It is hereby expressly stipulated and agreed that any Transfer of the Project in violation of this Section 12 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. The written consent of the Issuer to any Transfer of the Project shall constitute conclusive evidence that the Transfer is not in violation of this Section 12. Nothing in this Section shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to satisfy certain conditions or obtain the prior written consent of such other party in order to Transfer the Project. Upon any Transfer that complies with this Regulatory Agreement, the Owner shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project.

The foregoing notwithstanding, the Project may be transferred pursuant to a foreclosure, exercise of power of sale or deed in lieu of foreclosure or comparable conversion under the Deed of Trust without the consent of the Issuer or compliance with the provisions of this Section 12.

For the Compliance Period, the Owner shall not: (1) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except for (A) the permitted encumbrances under the Deed of Trust, or (B) a Transfer in accordance with the terms of this Regulatory Agreement, in each case upon receipt by the Issuer, and the Trustee of an opinion of Bond Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the 2022 Series B-1 Bonds (provided that such opinion will not be required with respect to any encumbrance, lease or transfer relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project, as certified in writing by the Owner to the Issuer, and the Trustee); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is demolished or removed is replaced with comparable property or such demolition or removal is otherwise permitted by the Loan Agreement or the Deed of Trust; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Compliance Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and discharge of the Indenture and the Loan Agreement; provided, however, the Trustee shall no longer be deemed a party hereto, as set forth in the last paragraph of Section 18 hereof.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements of this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire or other casualty, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date, which prevents the Issuer or the Trustee from enforcing such provisions, or condemnation or a similar event, but only if, within a reasonable period, either the Bonds are retired 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 or the delivery of a deed in lieu of foreclosure 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 hereby agrees that, following any foreclosure, 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 provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee and the Owner, with the consent of CDLAC and Lender, upon receipt by the Issuer, and the Trustee of an opinion of Bond Counsel to the effect that such termination will not adversely affect the exclusion from gross income of interest on the 2022 Series B-1 Bonds for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and (in the case of the Issuer and the Owner) record appropriate instruments of release and discharge of the terms hereof prepared by or on behalf of the Owner or the Issuer; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. Covenants to Run With the Land. Notwithstanding Section 1461 of the California Civil Code, 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.

Section 15. Burden and Benefit. The Issuer and the Owner hereby declare their understanding and intent that the burdens 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 benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and 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 and delivered.

Section 16. 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 of the site on which the Project is located.

Section 17. Default; 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 60 days after written notice thereof

shall have been given by the Issuer, Lender, or the Trustee to the Owner, or for a period of 60 days from the date the Owner should, with reasonable diligence, have discovered such default, then the Issuer, or the Trustee shall declare an “Event of Default” to have occurred hereunder; provided, however, that if the default 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 Owner institutes corrective action within said 60 days and diligently pursues such action (to the satisfaction of the Issuer) until the default is corrected, and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the 2022 Series B-1 Bonds. The Issuer, and the Trustee shall have the right to enforce the obligations of the Owner under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to ensure compliance with the Housing Law or the Code.

Following the declaration of an Event of Default hereunder, the Issuer or the Trustee, at the written direction of Issuer, subject to the terms of the Indenture, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

(i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project;

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder; and

(iv) with the consent of the Lender, which consent shall not be unreasonably withheld, declare a default under the Loan Agreement and proceed with any remedies provided therein.

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 this Regulatory Agreement 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, in accordance with this Section and the provisions of the Indenture, without the consent or approval of the Issuer, but with the consent of the Lender, which consent shall not be unreasonably withheld, to exercise any or all of the rights or remedies of the Issuer hereunder; provided that prior to taking any such action the Trustee shall give the Issuer written notice of its intended action. After the Indenture has been discharged, 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.

The Issuer and the Trustee hereby agree that cure of any Event of Default made or tendered by any partner of the Owner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

All reasonable fees, costs and expenses (including reasonable attorney's fees and expenses) of the Trustee and the Issuer incurred in taking any action pursuant to this Section shall be the sole responsibility of the Owner; provided, however, that in the event that any action arises hereunder in which the Owner and the Trustee are adversaries, the prevailing party, if any, shall be entitled to recover legal fees and costs from the other party; provided, further, if the prevailing party is not the Trustee, as applicable, the Trustee shall remain entitled to any indemnity applicable to it hereunder, or under the Loan Agreement, for the payment of such legal fees and costs.

Section 18. The Trustee. The Trustee shall act as specifically provided herein and in the Indenture and may exercise such additional powers as are reasonably incidental hereto and thereto. The Trustee shall have no duty to act with respect to enforcement of the Owner's performance hereunder as described in Section 17 unless it shall have actual knowledge of any such default as provided in Section 17 and, with respect to the Trustee, unless it has received written direction from the Lender and has been indemnified to its satisfaction. The Trustee may act as the agent of and on behalf of the Issuer, and any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Trustee. In connection with any such performance, the Trustee is acting solely as Trustee under the Indenture and not in its individual capacity, and, except as expressly provided herein, all provisions of the Indenture relating to the rights, privileges, powers and protections of the Trustee shall apply with equal force and effect to all actions taken (or omitted to be taken) by the Trustee in connection with this Regulatory Agreement. None of the Trustee, nor any of their officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence or willful misconduct.

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 indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

The Issuer shall be (or shall cause the Administrator to be) responsible for the monitoring of the Owner's compliance with the terms of this Regulatory Agreement. The Trustee shall not be responsible for such monitoring.

After the date on which no portion of the Bonds remains Outstanding, as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement.

After the date on which no portion of the Bonds remain Outstanding, all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

Section 19. Recording and Filing. (a) The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County, 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.

(b) The Owner and the Issuer will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Owner hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and, except in the case of a foreclosure or comparable involuntary conversion of the Deed of Trust, whereby the Lender becomes the owner of the Project, to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 20. Payment of Fees. Notwithstanding any prepayment of the Loans or the discharge of the Indenture, throughout the Compliance Period, the Owner shall continue to pay the fees of the Issuer as provided in Section 9 hereof, unless such prepayment is made in connection with a refunding of the Bonds.

The Owner agrees to pay to the Issuer (a) on the Closing Date, the Issuer's up-front administrative fee, in the amount of \$[_____], which amount is equal to 25 basis points (0.25%) of the maximum principal amount of the Bonds (\$[AGGREGATE NOT TO EXCEED PAR]), subject to any limitations of the Code, and (b) commencing on the first anniversary of the Closing Date and continuing on each anniversary of the Closing Date throughout the Compliance Period, the annual ongoing Issuer's administrative fee (the "Ongoing Administrative Fee") as follows: (i) prior to 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 [February 1] occurring after the Conversion Date and thereafter on each subsequent [February 1], an amount equal to the greater of \$10,000 per year or 0.125% of the outstanding principal amount of the Bonds outstanding following any partial repayment of principal of the Bonds on or in connection with the Conversion Date, provided, however, the Ongoing Administrative Fee in any event will not be less than \$10,000 nor more than \$62,500, which amount shall be payable annually, in arrears, on each such [February 1] and continuing throughout the Qualified Project Period, and provided further that no further reduction in the Ongoing Administrative Fee shall be made following the Conversion Date (*i.e.*, the Ongoing Administrative Fee will remain fixed based on the principal amount of the Bonds outstanding at the Conversion Date regardless of any later reductions of the outstanding principal of the Bonds); and (iii) the Owner agrees to pay, within 30 days after receipt of request for payment thereof, all reasonable out-of-pocket expenses of the Issuer (not including 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 Ongoing Administrative Fee will be charged each year during the Compliance Period hereunder in respect of administrative and monitoring costs of the Issuer and will be due and payable, without the requirement for any invoice to be delivered to the Owner.

The fees of the Issuer referenced in this Section 20 shall in no way limit amounts payable by the Borrower under Section 9 hereof, or otherwise arising in connection with the Issuer's or Lender'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, any out-of-pocket expenses of the Issuer incurred in connection with the administration of any of the Loan Documents.

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 Borrower or any party related to the Borrower; the Issuer's annual fee for the remainder of the term of this 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 the Bonds outstanding immediately preceding such prepayment, for the number of remaining years of the Compliance Period.

Notwithstanding any prepayment of the Borrower Loan and discharge of the Indenture, the Owner shall continue to pay (or, to the extent allowed under the Code, shall prepay the present value at such time of) the fees of the Issuer as provided in this Section 20.

If the Owner fails to make payment of the Issuer's annual fee for a period of two consecutive years or more, then the Issuer may, in its sole discretion, declare the total amount of the annual fee of the Issuer through the end of the Compliance Period immediately due and payable, such amount to be discounted at a rate equal to the then current market rate for U.S. Treasury obligations of a maturity equal to the remaining term of the Compliance Period.

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: (1) [] units (constituting [40]% of the [126] units) at an initial amount of \$150/unit for a total of \$[] or (b) the total number of units monitored by the Issuer. The Occupancy Monitoring Fee is subject to annual adjustment. 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. In addition, in each year during the term of this Regulatory Agreement, the Owner shall pay to the Issuer an annual Occupancy Monitoring Fee, as determined by the Issuer in schedules promulgated by Issuer from time to time.

Section 21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

Section 22. Amendments; Waivers. (a) Except as provided in Section 8(a) hereof, this Regulatory Agreement may 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, and only upon (i) receipt by the Issuer, and the Trustee of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the 2022 Series B-1 Bonds and is not contrary to the provisions of the Housing Law and (ii) the written consent of the Lender, who shall receive a copy of any such amendment.

(b) Anything to the contrary contained herein notwithstanding, the Issuer, the Trustee, the Trustee and the Owner hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the 2022 Series B-1 Bonds remains Tax-Exempt. The parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such proposed amendment to Bond Counsel and a request that Bond Counsel render to the Issuer, and the Trustee an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the 2022 Series B-1 Bonds. This provision shall not be subject to any provision of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(c) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 23. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, overnight delivery, certified or registered mail, postage prepaid, return receipt requested, or by telecopy, in each case at the respective addresses specified in the Indenture, or at such other addresses as may be specified in writing by the parties hereto. Unless otherwise specified by the Administrator, the address of the Administrator is:

San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101
Attention: Bond Project Manager-Real Estate Department
Telephone: (619) 578-7582
Facsimile: (619) 578-7356

Unless otherwise specified by CDLAC, the address of CDLAC is:

California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
Attention: Executive Director

The Issuer, the Administrator, the Trustee, the Trustee, CDLAC and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic

transmission; provided that any telecopy or other electronic transmission received by any party after 4:00 p.m., local time of the receiving party, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day. A copy of each notice of default provided to the Owner hereunder shall also be provided the Lender at the address(es) for the Lender set forth in the Indenture.

A copy of each notice sent by or to the Owner shall also be sent to the Manager at the address of the Manager provided by the Owner to the Administrator and to the Investor Limited Partner at the address(es) for the Investor Limited Partner set forth in the Indenture, but such copies shall not constitute notice to the Owner, nor shall any failure to send such copies constitute a breach of this Regulatory Agreement or a failure of or defect in notice to the Owner.

The Owner shall notify the Issuer and the Administrator in writing of any change to the name of the Project or any change of name or address for the Owner or the Manager. The Owner shall notify CDLAC in writing of any event provided in Section 29(d) hereof.

Section 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.

Section 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Limitation on Liability. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, (i) the liability of the Owner under this Regulatory Agreement to any person or entity, including, but not limited to, the Lender, the Trustee or the Issuer and their successors and assigns, is limited to the Owner's interest in the Project, the [Trust Estate] and the amounts held in the funds and accounts created under 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, or any rights of the Owner under the Indenture or any other documents relating to the Bonds or any rights of the Owner under any guarantees relating to the Project), its partners, members, successors, transferees or assigns and each of 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, the Indenture, 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, except to the extent provided in the Loan Agreement.

Section 27. Property Management. The Owner agrees that at all times the Project shall be managed by a property manager (i) approved by the Issuer in its reasonable discretion and (ii) who has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects (the "Manager"). The Issuer has approved [ConAm Management Corporation], [a California corporation], as the initial Manager. The Owner shall submit to the Issuer from time to time such information about the background, experience and financial condition of any existing or proposed Manager as the Issuer may reasonably require to determine whether such Manager meets the requirements for a Manager set forth herein. The Issuer reserves the right to conduct periodic reviews of the management practices and of the Manager to determine if the Project is being operated and managed in accordance with the requirements and standards of this Regulatory Agreement. The Owner agrees to cooperate with the Issuer in such reviews.

Replacement of Manager. If the Issuer determines in its reasonable judgment that the Project is not being operated and managed in accordance with one or more of the material requirements or standards of this Regulatory Agreement, the Issuer may deliver written notice to the Owner, the Trustee and the Lender requesting replacement of the Manager, which notice shall state clearly the reasons for such request. The Owner agrees that, upon receipt of such notice, it shall within 60 days submit to the Issuer, with copies to the Trustee and the Lender, a proposal to engage a new Manager meeting the requirements of this Section 27. Each of the Issuer and the Lender shall respond within 30 days to such proposal or such approval shall be deemed given. Upon receipt of such consent or deemed consent, the Owner shall within 60 days terminate the existing Manager's engagement and engage the new Manager.

Notwithstanding any other provision of this Section 27 to the contrary, the Lender may at any time by written instruction to the Issuer, the Trustee and the Owner deny the Issuer's request for a replacement Manager and direct that the existing Manager be retained.

Section 28. Third-Party Beneficiary. CDLAC is intended to be and shall be a third-party beneficiary of this Regulatory Agreement. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Holders of the Bonds.

Section 29. Requirements of CDLAC. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 through 6 hereof, the Owner hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 29, as follows:

(a) The Owner shall comply with the CDLAC Resolution 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, not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter until the end of the Compliance Period, a Certificate of Compliance II for Qualified Residential Rental Projects, in substantially the form attached to the CDLAC Conditions or otherwise as provided by CDLAC from time to time, executed by an authorized representative of the Owner. Such Certificate of Compliance II for Qualified Residential Rental Projects shall be prepared pursuant to the terms of the CDLAC Conditions. Additionally, the Owner will prepare and submit to the Issuer, a Certificate of Completion, in substantially the form attached to the CDLAC Conditions 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. Following the submission of the Certificate of Completion, the Owner will prepare and submit to the Issuer, not later than February 1, every three years thereafter until the end of the Compliance Period, a California Tax Credit Allocation Committee Project Status Report or equivalent documentation in substantially the form required or otherwise provided by CDLAC from time to time. 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 until the end of the Compliance 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 13 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, (iii) any change in the name of the Project or the Manager; (iv) any material 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 2022 Series B-1 Bonds, and the income and rental requirements as provided in Sections 4 and 6 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, with the prior consent of the Lender, which shall not be unreasonably withheld: (i) any changes in the terms and conditions of such revised 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 such revised 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 record or cause to be recorded in the real property records of the County an amendment to this Regulatory Agreement containing such revised CDLAC Conditions, executed by the parties hereto or their successor in title and pay any expenses in connection therewith. The Owner shall provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC contained in this Section 29 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 29 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 Bond Counsel that any such provision is not required by the Housing Law and may be waived without adversely affecting the exclusion from gross income of interest on the 2022 Series B-1 Bonds for federal income tax purposes; and (ii) any requirement of this Section 29 shall be void and of no force and effect if the Issuer and the Owner receive a written opinion of Bond 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 Housing Law or any other state or federal law.

Section 30. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2023), 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 and the Loan have been fully spent.

IN WITNESS WHEREOF, the Issuer, the Trustee and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

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

By: _____
Name:
Title:

[Signature Page – ShoreLINE Regulatory Agreement]

U.S. Bank National Association,
as Trustee

By: _____
Authorized Signatory

[Signature Page – ShoreLINE Regulatory Agreement]

OWNER:

GRANTVILLE TROLLEY FAMILY HOUSING, L.P.,
a California limited partnership

By: AHG Grantville, LLC,
a California limited liability company,
its Administrative General Partner

By: Affirmed Housing Group, Inc.,
a Delaware corporation,
its Manager

By: _____
James Silverwood
President

By: CFAH Housing, LLC,
a California limited liability company,
its Managing General Partner

By: Compass for Affordable Housing,
a California nonprofit public benefit corporation,
its Manager

By: _____
Katelyn Silverwood, Executive Director

[Signature Page – ShoreLINE Regulatory Agreement]

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

[LEASEHOLD ESTATE --- TO BE INSERTED]

EXHIBIT B
FORM OF INCOME CERTIFICATION

[ATTACHED]

TENANT INCOME CERTIFICATION

Initial Certification

1st Recertification

Other:

Effective Date:
Move-in Date:
(YYYY-MM-DD)

PART I - DEVELOPMENT DATA

Property Name:	County:	BIN #:
Address:	Unit Number:	# Bedrooms:

PART II. HOUSEHOLD COMPOSITION

Vacant

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (YYYY/MM/DD)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/ Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS:

\$

\$

Enter Column (H) Total

Passbook Rate

If over \$5000

\$

X

2.00% =

(J) Imputed Income

\$

Enter the greater of the total of column I, or J: imputed income **TOTAL INCOME FROM ASSETS (K)**

\$

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$

Effective Date of Move-in Income Certification:

Household Size at Move-in Certification:

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ (Date)	_____ Signature	_____ (Date)
_____ Signature	_____ (Date)	_____ Signature	_____ (Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1	\$	<p align="right">RECERTIFICATION ONLY: Current Income Limit x 140%:</p> <hr/> Household Income exceeds 140% at recertification: Yes <input type="checkbox"/> No
Unit Meets Income Restriction at <input type="checkbox"/> 60% <input type="checkbox"/> 50% \$ <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> %		
Current Income Limit per Family Size:	\$ _____	
Household Income at Move-in:	\$ _____	Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Rent \$ _____ Utility Allowance \$ _____	Rent Assistance: \$ _____ Other non-optional charges: \$ _____	
GROSS RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges)	\$	Unit Meets Rent Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> %
Maximum Rent Limit for this unit:	\$ _____	

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS? <input type="checkbox"/> yes <input type="checkbox"/> no	If yes, Enter student explanation* (also attach documentation) Enter 1-5	<p align="right">*Student Explanation:</p> 1 AFDC / TANF Assistance 2 Job Training Program 3 Single Parent/ Dependent Child 4 Married/Joint Return 5 Former Foster Care
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PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit <input type="checkbox"/>	b. HOME <input type="checkbox"/>	c. Tax Exempt <input type="checkbox"/>	d. AHDP <input type="checkbox"/>	e. _____ <input type="checkbox"/> <i>(Name of Program)</i>
--	----------------------------------	--	----------------------------------	---

See Part V above.

<i>Income Status</i> <input type="checkbox"/> ≤50% AMGI <input type="checkbox"/> ≤60% AMGI <input type="checkbox"/> ≤80% AMGI <input type="checkbox"/> OI**	Section 1. <i>Income Status</i> <input type="checkbox"/> 50% AMGI <input type="checkbox"/> 60% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI**	<i>Income Status</i> <input type="checkbox"/> 50% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI**	<i>Income Status</i> <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> OI**
---	---	---	---

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note “zero” in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)	
Row (L)	Total Annual Household Income From all Sources	Add (E) and (K) and enter the total

*Effective Date of Income Certification Enter the effective date of the income certification corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the effective date listed in Part I.

*Household Size at Certification Enter the number of tenants corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the number of tenants listed in Part II.

ARTICLE IIIHOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

ARTICLE IVPart V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size.
Household income at move-in	For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
Household size at move-in	For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than
Current Income Limit x 140%	140% of the current income limit, then the available unit rule must be followed.
*Units Meets Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

ARTICLE VPart VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

ARTICLE VIPart VII - Student Status

If all household members are full time* students, check “yes”. If at least one household member is not a full time student, check “no”.

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Full time is determined by the school the student attends.

ARTICLE VIIPart VIII – Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit See Part V above.

HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.

Tax Exempt If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.

AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.

Other If the property participates in any other affordable housing program, complete the information as appropriate.

ARTICLE VIII SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

ARTICLE IX PART IX. SUPPLEMENTAL INFORMATION

Tenant Demographic Profile	Complete for each member of the household, including minors, for move-in. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/guardian may complete and initial for minor child(ren).

**Please note areas with asterisks are new or have been modified. Please ensure to note the changes or formats now being requested.*

TENANT INCOME CERTIFICATION QUESTIONNAIRE

(a)	NAME: _____	TELEPHONE NUMBER: () _____
(b)	<input type="checkbox"/> Initial Certification <input type="checkbox"/> Re-certification <input type="checkbox"/> Other	BIN # _____ Unit # _____

(A) INCOME INFORMATION

	a.	YES		NO	MONTHLY GROSS INCOME
<input type="checkbox"/>	<input type="checkbox"/>		I am self employed. (List nature of self employment)		(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I have a job and receive wages, salary, overtime pay, commissions, fees, tips, bonuses, and/or other compensation: List the businesses and/or companies that pay you: <u>Name of Employer</u> 1) _____ 2) _____ 3) _____		\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I receive cash contributions of gifts including rent or utility payments, on an ongoing basis from persons not living with me.	i.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I receive unemployment benefits.	ii.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I receive Veteran's Administration, GI Bill, or National Guard/Military benefits/income.	iii.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I receive periodic social security payments.	iv.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>		The household receives <u>unearned</u> income from family members age 17 or under (example: Social Security, Trust Fund disbursements, etc.).	v.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I receive Supplemental Security Income (SSI).	vi.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I receive disability or death benefits other than Social Security.	vii.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I receive Public Assistance Income (examples: TANF, AFDC)	viii.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I am entitled to receive child support payments.	ix.	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I am currently receiving child support payments. If yes, from how many persons do you receive support? _____		
<input type="checkbox"/>	<input type="checkbox"/>		I am currently making efforts to collect child support owed to me. List efforts being made to collect child support: _____ _____		
<input type="checkbox"/>	<input type="checkbox"/>		I receive alimony/spousal support payments	x.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>		I receive periodic payments from trusts, annuities, inheritance, retirement funds or pensions, insurance policies, or lottery winnings. If yes, list sources: 1) _____ 2) _____	xi.	\$ _____ \$ _____

<input type="checkbox"/>	<input type="checkbox"/>	I receive income from real or personal property.	(use <u>net</u> earned income) \$
<input type="checkbox"/>	<input type="checkbox"/>	Student financial aid (public or private, not including student loans) Subtract cost of tuition from Aid received	xii. \$

Asset information

2.		YES	NO		INTEREST RATE	CASH VALUE
<input type="checkbox"/>	<input type="checkbox"/>			I have a checking account(s). If yes, list bank(s) 1) 2)	i. % %	ii. \$ \$
<input type="checkbox"/>	<input type="checkbox"/>			I have a savings account(s) If yes, list bank(s) 1) 2)	iii. iv. % %	v. vi. \$ \$
<input type="checkbox"/>	<input type="checkbox"/>			I have a revocable trust(s) If yes, list bank(s) 1)	vii. %	viii. \$
<input type="checkbox"/>	<input type="checkbox"/>			I own real estate. If yes, provide description:		ix. \$
<input type="checkbox"/>	<input type="checkbox"/>			I own stocks, bonds, or Treasury Bills If yes, list sources/bank names 1) 2) 3)	x. % % %	xi. \$ \$ \$
<input type="checkbox"/>	<input type="checkbox"/>			I have Certificates of Deposit (CD) or Money Market Account(s). If yes, list sources/bank names 1) 2) 3)	xii. % % %	xiii. \$ \$ \$
<input type="checkbox"/>	<input type="checkbox"/>			I have an IRA/Lump Sum Pension/Keogh Account/401K. If yes, list bank(s) 1) 2)	xiv. % %	xv. \$ \$
<input type="checkbox"/>	<input type="checkbox"/>			I have a whole life insurance policy. If yes, how many policies		xvi. \$
<input type="checkbox"/>	<input type="checkbox"/>			I have cash on hand.		xvii. \$
<input type="checkbox"/>	<input type="checkbox"/>			I have disposed of assets (i.e. gave away money/assets) for less than the fair market value in the past 2 years. xviii. If yes, list items and date disposed: 1) 2)		xix. \$ \$

(B)

(C) **STUDENT STATUS**

1.	YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>		Does the household consist of all persons who are <u>full-time</u> students (Examples: College/University, trade school, etc.)?
<input type="checkbox"/>	<input type="checkbox"/>		Does the household consist of all persons who have been a <u>full-time</u> student in the previous 5 months?
<input type="checkbox"/>	<input type="checkbox"/>		Does your household anticipate becoming an all full-time student household in the next 12 months?
<input type="checkbox"/>	<input type="checkbox"/>		If you answered yes to any of the previous three questions are you: <ul style="list-style-type: none">• Receiving assistance under Title IV of the Social Security Act (AFDC/TANF/Cal Works - not SSA/SSI)• Enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA) or other similar program• Married and filing (or are entitled to file) a joint tax return• Single parent with a dependant child or children and neither you nor your child(ren) are dependent of another individual• Previously enrolled in the Foster Care program (age 18-24)
<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>		

(ii) **UNDER PENALTIES OF PERJURY, I CERTIFY THAT THE INFORMATION PRESENTED ON THIS FORM IS TRUE AND ACCURATE TO THE BEST OF MY/OUR KNOWLEDGE. THE UNDERSIGNED FURTHER UNDERSTANDS THAT PROVIDING FALSE REPRESENTATIONS HEREIN CONSTITUTES AN ACT OF FRAUD. FALSE, MISLEADING OR INCOMPLETE INFORMATION WILL RESULT IN THE DENIAL OF APPLICATION OR TERMINATION OF THE LEASE AGREEMENT.**

_____ PRINTED NAME OF APPLICANT/TENANT	_____ SIGNATURE OF APPLICANT/TENANT	_____ DATE
_____ WITNESSED BY (SIGNATURE OF OWNER/REPRESENTATIVE)		_____ DATE

EXHIBIT C

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

[ATTACHED]

[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 Low Income Units (minimum of 30%) and ___% of the units in the Project were at all times Very Low Income Units (minimum of 10%).

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 _____
and Available for Rent to Low Income Tenants _____
4. Total Very Low Income Units Occupied: _____
Total Low Income Units Occupied: _____
5. % of Very Low Income Units to Total Units _____%
% of 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 or Low Income Tenants who commenced or terminated occupancy during the preceding year.

<u>Commenced Occupancy</u>	<u>Terminated Occupancy</u>
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 or a Low Income Unit as of the beginning of the previous year, but has ceased to be a Very Low Income Unit or a 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 or a 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:

<u>Unit Number</u>	<u>Name (Head of Household)</u>
1.	1.
2.	2.
3.	3.

E. The Very Low Income Units or 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 Deed of Trust.] [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

EXHIBIT D
CDLAC RESOLUTION
[ATTACHED]

TO Housing Authority of the City of San Diego

FROM Christine Rankin, Orrick, Herrington & Sutcliffe LLP

DATE November 30, 2021

RE ShoreLINE

If the Housing Authority of the City of San Diego (Authority) adopts a resolution authorizing the issuance of the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-1 and Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ShoreLINE) 2022 Series B-2 (Taxable) (or such other series designations as may be assigned) (collectively, Bonds), it is currently expected that the Bonds will be sold and issued in January 2022. The primary legal documents for the Bonds that are referenced in the Resolution of the Authority authorizing the issuance of the Bonds (Resolution) currently contain a number of blanks or bracketed items that are related to the final principal amount of the Bonds, various dates and other matters. The par amounts of the Bonds will depend upon the final lending determinations made by Zions Bancorporation, N.A. dba California Bank & Trust, bond purchaser (Bond Purchaser), which will be completed closer to the issuance date.

The following table sets forth a summary of the open items in the primary legal documents for the Bonds referenced in the Resolution, and describes when, and by whom, the information will be provided to fill in the blanks. Capitalized terms used below and not otherwise defined have the meanings given to them in the related documents.

<u>Document</u>	<u>Location Within Document</u>	<u>Item</u>	<u>When Completed</u>	<u>Responsible Party/Parties</u>
Indenture of Trust	Cover Page (and throughout)	Principal amounts of each series	Prior to closing	Bond Purchaser/Borrower
	Cover Page (and throughout)	Reference date of document	Prior to closing	To be determined based on month in which closing actually occurs

November 30, 2021

Page 2

<u>Document</u>	<u>Location Within Document</u>	<u>Item</u>	<u>When Completed</u>	<u>Responsible Party/Parties</u>
	Section 1.01 Definitions (and references throughout)	Definition of “Bond Year”	Prior to closing	To be determined based upon final closing date
		Definition of “Closing Date”	Prior to closing	Borrower/Bond Purchaser/ Authority
		Definition of “Ground Lease”	Prior to closing	Borrower (to be determined based upon final title, parties and date of document)
		Definition of “Initial Disbursement”	Prior to closing	Bond Purchaser/Borrower
		Definition of “Interest Payment Date”	Prior to closing	Bond Purchaser (depends upon determination of final closing date)
		Definition of “Investment Securities”	Prior to closing	Bond Purchaser
		Definition of “Investor Limited Partner”	Prior to closing	Borrower
		Definition of “Maturity Date”	Prior to closing	Bond Purchaser
	Section 2.01	Par amounts of each series	Prior to closing	Bond Purchaser/Borrower

November 30, 2021

Page 3

<u>Document</u>	<u>Location Within Document</u>	<u>Item</u>	<u>When Completed</u>	<u>Responsible Party/Parties</u>
	Section 2.02	Principal bond terms	Prior to closing	Bond Purchaser/Financing Team
	Section 2.05	Determination of authorized denominations applicable to transfers	Prior to closing	Bond Purchaser
	Section 3.02	Closing flow of funds for initial disbursement	Prior to closing	Financing team
	Section 3.04	Borrower costs of issuance deposit amount	Prior to closing	Borrower/Bond Purchaser
Loan Agreement	Cover Page, recitals and throughout	Principal amount of each series	Prior to closing	Borrower/Bond Purchaser
	Cover Page, recitals and throughout	Reference date of document	Prior to closing	To be determined based on month in which closing actually occurs
	Section 1.01	Definition of "Pledged Accounts"	Prior to closing	Bond Purchaser and counsel
	Section 3.01	Confirmation of documentation required for each disbursement	Prior to closing	Bond Purchaser and counsel

November 30, 2021

Page 4

<u>Document</u>	<u>Location Within Document</u>	<u>Item</u>	<u>When Completed</u>	<u>Responsible Party/Parties</u>
	Section 3.01(d)	Amount of initial draw	Closing Date	Bond Purchaser/Borrower
	Section 6.01(f)	Synchronize enforcement of remedies section with lender documents	Prior to Closing Date	Counsel
	Exhibit A – Legal Description	Legal Description	Prior to Closing Date	Borrower/Title Company
	Exhibit B – Form of Borrower Note	Form of Borrower Note	Prior to Closing Date	Bond Purchaser/Counsel
Regulatory Agreement	Cover Page (and throughout)	Principal amount	Prior to closing	Bond Purchaser/Authority/Borrower
	Section 1	Definition of “Closing Date”	Prior to closing	Borrower/Bond Purchaser/Authority
		Definition of “Conversion Date”	Prior to closing	Bond Purchaser/Borrower
		Definition of “Ground Lease”	Prior to closing	Dated date of document to be filled in when finalized by drafter (counsel to Ground Lessor).
	Section 20	Authority’s fee	Prior to closing	Authority (following determination of principal amounts)

November 30, 2021

Page 5

<u>Document</u>	<u>Location Within Document</u>	<u>Item</u>	<u>When Completed</u>	<u>Responsible Party/Parties</u>
	Section 20	Occupancy Monitoring Fee information	Prior to closing	Authority
	Exhibit A	Legal Description	Prior to closing	Borrower/ Title Company



The City of San Diego
Item Approvals

Item Subject: Final Bond Authorization for ShoreLINE Apartments.

Contributing Department	Approval Date
DOCKET OFFICE	11/08/2021

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	11/08/2021
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	11/09/2021
CITY ATTORNEY	MIDDAUGH, MARGUERITE	11/18/2021